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INVESTIGATION

RE

DEPARTMENT OF MARINE AND FISHERIES

BEFORE THE

HON. MR. JUSTICE CASSELS

PART III

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RESUMED BEFORE

THE HON. MR. JUSTICE CASSELS

HOLLAND HOUSE, NEW YORK, OCTOBER 14, 1908, AT 10.45 A.M.

Dr. Charles Morse, K.C.,
Deputy Registrar, Exchequer Court of Canada, Secretary.

Nelson R. Butcher & Co.,
Official Stenographers.

G. H. Watson, K.C., appears as counsel assisting in the investigation.

J. M. Godfrey, appears on behalf of Mr. J. F. Fraser.

Mr. Randolph Parmalee appears.

Mr. Parmalee.—Well, now, I don't know just exactly——

Mr. Watson.—Let me tell you, Mr. Parmalee, I understand that you are the vice-president, are you not, of the Heating Company?

Mr. Parmalee.—I am nominally such, although I am the counsel of the company. I simply am nominal vice-president in order to perform the duties of the president in his absence. I am not vice-president having anything to do with the business, I am not familiar in any way with the business.

Mr. Watson.—Not in an executive capacity?

Mr. Parmalee.—Only in the absence of the president to act formally.

Mr. Watson.—I understand you were formerly elected to the office of vice-president?

Mr. Parmalee.—Yes.

Mr. Watson.—And your time is spent particularly in company matters?

Mr. Parmalee.—In a partial way.

Mr. Watson.—Are you in practice as well?

Mr. Parmalee.—General practice.

Hon. Mr. Cassels.—That is, in the law?

Mr. Parmalee.—Yes, sir.

Mr. Watson.—Of course, what we are concerned in now is in regard to the Marine and Fisheries Department of Canada.

Mr. Parmalee.—Yes.

Mr. Watson.—That department of the public service; and in connection with the contracts made between that department and your company or your representative, and in connection with the acts and conduct of officials entering into matters of these contracts or arising out of the contracts. That is the subject and scope in a general way of the commission his lordship is executing. In that connection we have ascertained that there have been quite large, in fact very large transactions and dealings

between your company and the department, and we were anxious to have some further information and particulars with regard to those transactions with a view of leading on and into the actual transactions with officials and matters that might possibly affect their conduct and honesty or dishonesty in regard to such matters. Now, Mr. Merwin has represented to us that he was acting as your representative and agent.

Mr. PARMALEE.—Do you mean in Canada?

Mr. WATSON.—Yes.

Mr. PARMALEE.—He undoubtedly was, but he is not now. He was for a time, I don't just know how long, but he is not our agent now, he has not been for sometime. I don't know just when he ceased, sometime ago.

Mr. WATSON.—He has told us that in July last, the end of June or July of this present year, he sent to you all his vouchers and papers and documents, files of correspondence and all such matters.

Mr. PARMALEE.—That I know nothing about.

Hon. Mr. CASSELS.—That is, sent to the company.

Mr. WATSON.—Yes; sent to the company.

Mr. PARMALEE.—I understand.

Mr. WATSON.—For instance, he had correspondence more or less with the department and officials of the department. He received letters and sent letters to them. He had those original letters and he had the copies of the letters he sent; he also had the contracts or agreements, made in correspondence sometimes and sometimes made in a formal document; and he also had letters that he had received from your company or office here and copies of letters that he had sent to your office or company; he had all his cheque-books and his memoranda of remittances, his records of the transactions between your company and him, and he had the invoices and accounts, all statements showing the full record of the final transactions, he transacting business there for your company. He says that all these memoranda and books and accounts and vouchers have been sent by him to your company. Now, Mr. Parmalee——

Hon. Mr. CASSELS.—He went a little further and said, he knew they were in New York also.

Mr. WATSON.—Yes. He had been here and he knew they had been received here and were here. Would you be kind enough to give directions so that we might see those? I understand you have not them with you this morning?.

Mr. PARMALEE.—Oh no, I have nothing at all. Let me just state here that the only thing I can do for you is this: The Safety Car Heating and Lighting Company is a very large corporation——

Mr. WATSON.—Yes, I understand so.

Mr. PARMALEE.—Its business, so far as the Dominion of Canada was concerned or any of the departments there was a very small thing. The business is conducted in New Jersey; in New York we have nothing except current matters, simply what you might speak of as executive offices in New York other than general offices in connection with the business of the company.

Mr. WATSON.—Yes.

Mr. PARMALEE.—But I presume, without knowing anything about it, that the transactions you have in mind cover a period of years.

Mr. WATSON.—Well, they cover from the beginning of 1904 on to the time that he ceased to represent you.

Mr. PARMALEE.—It would be for the last four years?

Mr. WATSON.—Yes.

Mr. PARMALEE.—I have not any doubt that largely those books that would contain any information are in New Jersey, I have not the slightest doubt of that. Anything that may have occurred in regard to the business dealings may possibly be here in New York covering a year or so.

Mr. WATSON.—Yes.

Mr. PARMALEE.—If you or his honour presiding here will dictate to your stenographer exactly the information that you want and will give me that, I will see just

exactly how much of it I can obtain for you as speedily a possible. That is the best I can do. Personally, I know nothing about the details of the company; my business has simply been that of general counsel.

Mr. WATSON.—Then, Mr. Parmalee, will you be kind enough to place us in communication with an executive officer who has to do with the business of the company actively?

Mr. PARMALEE.—You can inquire of any of them there.

Mr. WATSON.—I mean to say would any of them be good enough to attend?

Mr. PARMALEE.—I do not know—they are pretty busy men—I do not know. They might. I do not know anything about that. I would be very glad to do as I told you. This Safety Company has never done business to my knowledge—I have been with them as attorney since their organization—they have never done any business except in a perfectly frank open manner with any customer, and as far as their disposition is concerned they would be very glad to aid probably any investigation that is proper.

Hon. Mr. CASSELS.—You see, the position is this: Under the Civil Service Report of the three commissioners that were instructed to report as to the civil service generally and as to the reorganization of the civil service generally in Canada, two of those commissioners brought in a special report on the Marine Department, which practically inculpates every official of that department. Now, these officials are at present under the accusation. It is my object, if it is possible, to clear them if they ought to be cleared, or to find out the facts if any of them are guilty. Until that is found out they are there, and what we thought was that any respectable company—as I have no doubt whatever this is—would facilitate by the production of books, papers or invoices to clear the reputation of these men.

Mr. PARMALEE.—I have no doubt they will do anything in their power. The only thing is, I doubt very much they would allow their books to be shown.

Hon. Mr. CASSELS.—To be seen.

Mr. PARMALEE.—To be seen. I doubt that simply because—I may say this.

Hon. Mr. CASSELS.—Any information is practically useless without the books.

Mr. PARMALEE.—I may say this. Is it Mr. Godfrey?

Mr. WATSON.—Yes.

Mr. PARMALEE.—Mr. Godfrey and Mr. Merwin came to the Safety Car-Heating and Lighting Company's offices recently, I do not recall just when, and wanted to see the books in order that they might see what the books showed in regard to transactions. They were quite insistent that they should be permitted to see the books to see what the books showed, stating, as I understood it, that they had come with a view to having the books produced before the commission or something, and they were referred to me. I told them that I had received a letter from some gentleman, I think Mr. Perron or Ferron——

Mr. WATSON.—Mr. Perron of Montreal.

Mr. PARMALEE.—Asking us whether the company would show their books, and I had replied to him I did not think they would, but they would be very glad if he would let me know what he wanted to obtain, and as far as our records were concerned we would give all the information we could. I am speaking this now without being absolutely certain, but I understand from the book-keepers that we had no account whatever, as far as our records are concerned, with the Department of Fisheries, none whatever, and never have had.

Hon. Mr. CASSELS.—Of course, Mr. Merwin's evidence is—he has been examined under oath—he states to the contrary.

Mr. PARMALEE.—He does not understand. They have had transactions through Mr. Merwin, but not as far as any direct communication or any connection with the company is concerned.

Hon. Mr. CASSELS.—We understand that. Mr. Merwin states he sent all his papers down here. Those are what we want.

Mr. PARMALEE.—That I know nothing about.

Mr. WATSON.—For instance, the debit and credit account in regard to these transactions has been kept in what name, do you know, the Marine Department or Mr. Merwin?

Mr. PARMALEE.—My recollection is, from what I was told by them, that the account was kept in the name of George T. Merwin, Canadian agent, or something of that kind.

Mr. WATSON.—Now, let me say this to you, Mr. Parmalee, although it is something in the ordinary course which we say to the executive officials of the company, but you represent the company: Of course, the department has had large transactions with a great many companies. This is a public commission, a commission issued by the parliament of Canada to his lordship to inquire affecting the good conduct and good management of the civil service, and so far every one who has heretofore had transactions with the department has come forward, whether large people or small people in business transactions, they have voluntarily and freely come forward and have offered to us and tendered to us production of their books so far as these accounts are concerned, and it has helped us very much. We have had the view that in doing this they are not merely doing themselves justice, but doing a public service, because it is not an individual matter at all; it is an inqury in behalf of the people, for the nation so to speak, do you see, and therefore it is rather extraordinary and rather special, and where there is a reflection upon officials you can easily understand that reflection carries indirectly on to the contractors or the people with whom the officials have been dealing. Therefore there is rather a multiplication of the necessity to exonerate themselves, and that can be done, and it is being done freely and voluntarily as I say by all firms great and small saying: 'Why, here are our books and we are most happy to facilitate you.' We felt that no company with whom the department has had transactions would be more likely to be ready to take such a course than your company.

Mr. PARMALEE.—I appreciate exactly the position. I think you will find our company ready to do anything that is proper in connection with that.

Mr. WATSON.—I hope so.

Mr. PARMALEE.—But let me say this, I do not think you will find our company has any hesitancy in giving the information just as it is contained in their books in regard to every transaction and every dollar that has been received from the Department of Fisheries.

Mr. WATSON.—Yes.

Mr. PARMALEE.—But if I understand correctly, the accounts are not kept in any way separate, that Mr. Merwin not only was the agent of the company at Montreal, but he did a great many other things, like all sorts of disbursements.

Mr. WATSON.—He kept his accounts for your company distinct from other accounts.

Mr. PARMALEE.—In as far as our company are concerned he may have kept them, but our company do not. If he sent his books or papers or anything else. I have not any hesitancy in saying the company will be willing to produce every one of these documents if there have been any such received, but I know nothing about that.

Hon. Mr. CASSELS.—He says so.

Mr. PARMALEE.—I know nothing about that feature of it. But what I want to impress upon you is this: That after Mr. Merwin's call at the office, to which I referred, I took it up with the book-keepers to ascertain from my own standpoint what this was all about and why there was this correspondence about producing the books to see what the account was, and I have in my office an extract of the transactions so far as the Department of Fisheries are concerned from the year 1905 down to date of everything that was billed to them and every receipt that was received, and they tell me that is absolutely a copy of their books so far as any transactions with them are concerned, that they have no account with the Department of Fisheries of any other character.

Mr. WATSON.—It is entirely with Mr. Merwin.

Mr. PARMALEE.—But in making up this account they have gone over and picked out here and there remittances from Mr. Merwin which cover those transactions.

Mr. WATSON.—Let me say further, Mr. Parmalee, of course ,the fact is Mr. J. F. Fraser—who was the commissioner of lights and the chief official of the department recommending those expenditures and making the contracts—during the summer and within the last few weeks as well, according to the evidence, has been quite frequently in your office in regard to these same matters.

Mr. PARMALEE.—I do not know anything about that. I do not know Mr. Fraser at all.

Mr. WATSON.—I am just speaking of the evidence. Now, that being so, you will appreciate that it casts a greater responsibility, I think you will feel, upon yourselves of perhaps letting us see everything, because the evidence already directly shows the official in charge of these transactions frequently in your office in regard to these accounts and books pending this investigation?

Mr. PARMALEE.—Well, it may be that the evidence shows that.

Mr. WATSON.—Yes, it does.

Mr. PARMALEE.—But as far as my knowledge is concerned I do not know Mr. Fraser in anything.

Mr. GODFREY.—There is no evidence showing Mr. Fraser was there in connection with these books.

Mr. WATSON.—Never mind.

Mr. GODFREY.—I just want that spread on the record. That is not the fact.

Mr. WATSON.—Yes; I am speaking of the evidence as it exists.

Mr. GODFREY.—There is no evidence to show what Mr. Fraser was doing there.

Mr. WATSON.—I think you are mistaken. At all events, the witness states that that was his understanding, he had no doubt he was there for that purpose.

Mr. GODFREY.—What he has in his mind does not prove anything. He did not know what Fraser was doing there. It is a perfectly innocent explanation.

Mr. WATSON.—Of course, that makes it all the more necessary, if it has taken place, to get in communication with an active official of the company.

Hon. Mr. CASSELS.—Perhaps Mr. Parmalee does not understand that nothing would be looked at but the originals of all these matters.

Mr. PARMALEE.—I do not think there would be any hesitancy on the part of the company in giving any information they could. Now, if those papers Mr. Merwin speaks of have reached our office, I have no doubt about it, but I have no knowledge of those papers.

Hon. Mr. CASSELS.—I understand that.

Mr. PARMALEE.—I simply want to be courteous in coming here, as I told the company, and if there is anything we can do, which is consistent with our business, we would be glad to do it. That is just the shape it is in. Perhaps it will be some trouble for us to get the information.

Mr. WATSON.—I am sorry for that.

Mr. PARMALEE.—Because of the manner in which the business was done. If it is necessary for us to go through the history of the business through all these years, it might be a difficult thing.

Mr. WATSON.—What we feel is that your company being such a large company, and having such large transactions, has no doubt a very perfect and accurate system in vogue by means of which you can put your fingers on anything you require.

Mr. PARMALEE.—Undoubtedly; but as far as the books of our company are concerned, I think I am perfectly safe in saying that you will find the transactions one of an invoice and receipt of a cheque for a similar amount; that is as far as our books are concerned. If there are any other transactions of any other kind—that is all I have inquired into in regard to the method of keeping the accounts.

Mr. WATSON.—I can easily give you a memorandum.

Hon. Mr. CASSELS.—Can you send it to Mr. Parmalee?

Mr. WATSON.—I think I might give it to Mr. Parmalee in order to save time.

Mr. PARMALEE.—What is this?

Mr. WATSON.—I will give you a memorandum of the books and documents that we desire, do you see?

Mr. PARMALEE.—I would like you to, and if you would, for instance, give me anything you want from the books, and I can get it, I will get it. What I mean by that is, if you want to know any transactions they have had with Mr. Fraser, I have no objection to find out anything with anyone.

Mr. GODFREY.—I want to find that out. I want you to go absolutely all through to find if Fraser is honourable.

Hon. Mr. CASSELS.—You see, the trouble is this: I have to judge from the material itself. I have no doubt Mr. Parmalee will give us the information, and that information will be absolutely correct. Notwithstanding, we ought to be in a position to check that with the books. You understand that?

Mr. WATSON.—Of course, without that material that would not be such an investigation as would enable his lordship to make a report. The report has to be founded on the highest and best class of evidence, do you see? That otherwise would be practically all hearsay evidence, which is not the best kind of evidence, and his lordship, like any other judge of our courts, would not be willing, I have no doubt, to accept it, although he might receive it. The report could not be based upon evidence of that kind. There is the trouble his lordship will tell you, there is the difficulty. So that what we want, and the system that we necessarily have pursued with others and must necessarily pursue, is to get the best evidence. As you know, in your own courts secondary evidence would not be admitted or received, if the first and best evidence is available then the secondary evidence, and much less hearsay evidence, will not be accepted or acted upon. Of course, here the commissioner is governed by the same rules of evidence which apply to your courts and our courts and the courts of all countries, do you see? So that getting underneath that, or a lower basis than that, is getting it on a basis which is not a good legal foundation.

Mr. PARMALEE.—I appreciate that that evidence would be of very little use unless it was the primary evidence, and, as I say, if you will tell me just what you would like to have evidence in regard to, I will see just what I can do in regard to that.

Mr. WATSON.—I will give you that in half a minute.

Mr. GODFREY.—I would like you to make a thorough search through your books and see if you can find any dealings between your company and Mr. J. F. Fraser.

Mr. WATSON.—Mr. Godfrey, I have indicated now it is useless to enter into an investigation of that kind unless we have the books, because I am not going to offer to his lordship secondary evidence. Now, we may as well be clear and distinct about that. I am not going to put myself, as counsel in the matter appointed by the government, in the position of introducing anything else than the first and best evidence; secondary evidence or hearsay evidence I would not presume to offer to his lordship for consideration.

Mr. GODFREY.—I am going to offer his lordship the best evidence I can get.

Mr. WATSON.—Yes, but I want to have the highest and best evidence.

Mr. GODFREY.—It may not be the best evidence, but it is the best evidence I can offer.

Mr. WATSON.—It is not the best evidence if other evidence is available or in existence.

Hon. Mr. CASSELS.—I think what Mr. Parmalee contemplates is this: If you give him that memorandum he will have it traced up and will facilitate you by his own memoranda which he will give you, and no doubt then the officials down at the office will let you see the original information.

Mr. PARMALEE.—I do not have any doubt about it. It is just a question of getting the data so it can be looked up.

Mr. GODFREY.—The thing is to get the facts, that is the thing. That is all I want personally.

Hon. Mr. CASSELS.—To get the facts, certainly.

Mr. GODFREY.—Of course, my only interest is on behalf of Mr. Fraser. I do want, Mr. Parmalee, everything you have relating to him, if you have anything.

Mr. PARMALEE.—You stated that to me the other day, Mr. Godfrey. I understood you wanted to see the books to see if there were any references to Mr. Fraser.

Mr. GODFREY.—Certainly.

Mr. PARMALEE.—You said that. I told you you could not see them, simply because we do not show our books to any one, that is all.

Hon. Mr. CASSELS.—The original orders would be there, the invoices would be there and the account of the moneys received would be there. Then it becomes a matter of checking the prices paid by the government. All that is there.

Mr. WATSON.—(Having written out memorandum.) I am sorry for keeping you waiting.

Mr. PARMALEE.—That is all right, sir.

Mr. WATSON.—I have made a memorandum here, I think it is fairly legible. I desire from the Safety Car-Heating and Lighting Company the ledgers of the company beginning in 1904 down to the present time; the cash-books of the company for the same period; the bank-books for the same period relating to the transactions with the Department of Marine and Fisheries, Canada, and Mr. G. T. Merwin and F. L. Brooks & Co., and other agents and representatives of the company; invoices and records of goods purchased and sold to the department—that is, purchased by your company, and sold to the department; the cost prices of such goods; invoices and records of all goods cold and delivered to or for the department and agents and officials of the department; records of all moneys received from the department or from any one else as your agent or otherwise for goods sold and delivered to or for the department; records of all salaries, fees, expenses, charges and commissions paid to your agents or representatives or agents and representatives of the department or other persons in connection with sales and delivery of goods to the department; all copies of letters by your company or of any official thereof to Mr. Merwin or to any official of the department; all original letters——

Hon. Mr. CASSELS.—Relating to this matter.

Mr. WATSON.—That is taken for granted. As relating to this matter. All original letters received from Mr. Merwin and from the department and any official thereof during the same period; all books of records, ledgers, cash-books, journals and other books, cheque-books, bank-books, &c., kept by Mr. Merwin and transmitted by him to your company; also all invoices, accounts and statements kept by him and so transmitted; and all original letters and copies of letters that passed between your company and Mr. Merwin during the same period, which were afterwards sent to your company, do you see, because he says that everything of that kind was sent?

Mr. PARMALEE.—I see. If you will just add to that, of course all these matters relating to this department.

Mr. WATSON.—That is understood in the first place.

Mr. GODFREY.—Then, of course, you understand, Mr. Parmalee, I want everything you have of any kind whatsoever relating to Mr. J. F. Fraser.

Mr. PARMALEE.—Is that agreeable to the court?

Hon. Mr. CASSELS.—Oh yes.

Mr. PARMALEE.—I do not know of anything.

Mr. WATSON.—I have covered that by referring to the officials.

Hon. Mr. CASSELS.—Mr. Godfrey is here because, when we first started the commission, I ruled any official who was under a charge of any kind could be represented, and ought to be represented, if he so wished, by counsel. I give the officials the fullest opportunity of exculpating themselves.

Mr. WATSON.—When counsel gets into the administrative part of a company we know how he brings everything to time pretty quickly, Mr. Parmalee.

Mr. PARMALEE.—I will have this for you as quickly as I can.

Mr. WATSON.—We would like very much indeed if we could have those things here to-morrow morning at half past ten o'clock in this room.

Mr. PARMALEE.—I am afraid that is almost impossible, but I will communicate with you later in the day, so that you can be sure about it. I do not know of course, anything about the labour that there is involved in what you ask for.

Mr. WATSON.—Of course, it depends altogether, at least to a large extent, upon the system for the result.

Mr. PARMALEE.—But just let me ask you, suppose I should find out in order to do what you suggest here it would be pretty bulky—that is a supposition of course, maybe it is not at all—can you come down to the office?

Hon. Mr. CASSELS.—I was going to make that suggestion.

Mr. PARMALEE.—We have facilities down there which are at your disposal, and the only fear I have is that the information is not right at our hand here covering this period of years.

Mr. WATSON.—We will come right down. I suppose it is just across the river in New Jersey.

Mr. PARMALEE.—Yes, filed away there, but it will necessitate——

Mr. WATSON.—Oh, meet your convenience.

Mr. PARMALEE.—I will let you know about it later in the day after I have seen the officials.

Mr. WATSON.—All right, thank you very much. Then, pending this, of course we have not asked you to have it in the more formal way of evidence at all.

Mr. PARMALEE.—I do not think what I have given you there is very valuable.

Mr. WATSON.—We are not taking it as evidence. We are waiting for the production, and then we would like it in the formal way of evidence.

Hon. Mr. CASSELS.—It would be better if Mr. Parmalee would designate some official to come here.

Mr. PARMALEE.—I will find out and ascertain.

M.r WATSON.—Of course, you would not be in a position, as counsel, to give any evidence really.

Mr. PARMALEE.—No, I do not know anything about the business end of it.

Hon. Mr. CASSELS.—Mr. Parmalee will communicate with you Mr. Watson.

Mr. WATSON.—Yes, I will be here at this hotel.

Mr. PARMALEE.—You mean at the Holland House?

Mr. WATSON.—I may not be here all the afternoon. Can you send a message if I am not in?

Mr. PARMALEE.—I will send a line up so that you will get it this evening. I will see you get a line to-night so there will be no uncertainty whether it is to be here or there and just what we can do.

Mr. WATSON.—I am very much obliged to you.

Mr. PARMALEE.—It may be a large thing or a small thing. It is a matter I know nothing about.

Mr. WATSON.—We would like an appointment in the morning if you can manage it.

(Mr. Parmalee then retired.)

Mr. F. L. BROOKS appears with his counsel, Mr. J. WILSON BRYANT.

Mr. WATSON.—Then, I understand, Mr. Brooks is here.

F. L. BROOKS.

By Mr. Watson:

Q. Mr. Brooks? I understand you are Mr. F. L. Brooks?—A. Yes, sir.

Q. F. L. Brooks & Co?—A. Yes, sir.

Q. Then, have you your books with you, Mr. Brooks?—A. I have the journal and ledger.

Q. Would you mind letting me see them, please?—A. (Producing). This is the ledger with the accounts of the Marine and Fisheries Department. This is the journal.

Q. This is the ledger. Show me where that is here, will you; is it under the Marine and Fisheries?—A. Marine and Fisheries.

Q. Marine and Fisheries No. 2. This purports to start on April 1, 1905?—A. Yes, sir.

Q. I think the dealings commenced about the first of the year of 1904, did they not?—A. Yes, sir.

Q. Have you got the book previous to this?—A. No, sir, I have not. There are no books. The books we had at that time, when we moved from the Temple building to the Sovereign Bank building, were copied over into this, were closed up, and what were left over were copied in this book and those books thrown away; I don't know what became of them. They were left, as I understand, in that office.

Q. But the earlier books?—A. Were not there; we have not them at all.

Q. They were not copied into this, then?—A. If there were any accounts open they were copied into that book; if there were any there, I am not sure there were any, but if there were any in those books that were not closed or out they were copied over into these books. We practically closed up the business when we moved from the Temple building.

Q. This does not purport, then, to be a full record from 1904 on to the present time?—A. No; from 1905 on.

Q. You say you have no record before that?—A. No, sir, I have not.

Q. Books not kept?—A. Books were kept, but the book-keeping did not meet with my approval. I ordered a new set of books started, and started with the new business when we went into the Sovereign Bank building, Montreal. That you will find in there.

Q. Then I see that has in addition, looking at the index, Merwin, George T., personal account, and Merwin, George T., capital account?—A. Yes.

Q. Twenty-eight and 30?—A. Yes.

Q. The Merchants Bank of Prescott, that is Ontario?—A. Yes.

Q. Then those four accounts are open to us?—A. No, sir.

Q. What do I understand?—A. You understand that the private accounts are not open to you. The dealings with the Marine and Fisheries Department are there open; the others are sealed there.

Q. Well, do you mean that you decline to let us look into these two accounts, George T. Merwin, personal account, and George T. Merwin, capital account, and also this Merchants Bank, Prescott, account?

Mr. Bryant.—Your honour, as I understand, the purview of this commission is to inquire into dealings with officials of the Canadian government, and there are personal accounts there between Merwin and Brooks, and up to the present time we are unable to say or see the relevancy of any of those pages. You will note there, Mr. Watson, that we have fastened those pages.

Hon. Mr. Cassels.—The only reason that those accounts would not be produced would be that they contain something that Merwin would object to our seeing. Now, Mr. Merwin, has given us the fullest authority to see his personal account. He has stated all along exactly what that personal account is. Your books can show to the contrary or not.

Mr. Bryant.—I am speaking now of the legal evidence of the matter.

Hon. Mr. Cassels.—The legal evidence is simply this: It is said—do not misunderstand me and think that I mean it is proved—but it is said that Merwin got large commissions from a firm which was practically a rake-off out of contracts with the Marine Department, that he got personal benefits from it which he divided with Fraser and, it is insinuated, another official. That is the importance of it.

Mr. BRYANT.—Well, I state now——

Hon. Mr. CASSELS.—I do not for a moment suggest that is proved.

Mr. BRANT.—I state now for the matter of the record in this proceeding that those pages which have been sealed do not disclose any such facts, that they do not contain any reference to any official, and they are only, as indexed there, the personal transactions between Brooks and Merwin.

Hon. Mr. CASSELS.—They might show such large allowances to Merwin on those particular sales.

Mr. BRYANT.—They do not show that. I say furthermore, for your honour's information, we are perfectly willing you should see them and satisfy yourself that they do not contain any such reference as that which you refer to. But I do not think it is a matter of record for the reporter in this proceeding to take down the personal transactions between Merwin and Brooks, because they require some explanation that, it seems to me, business men should not be expected to give in a public inquiry of this kind.

Hon. Mr. CASSELS.—That depends altogether on the nature of those entries. Of course, you will be protected in every way.

Mr. BRYANT.—Your honour, now, I take it under advisement we can exclude for the time being your reporter or stenographer, then you can review that with counsel, and if you think it is relevant we can deal with the subject. But until that time I do not think it should be spread on the record of the commission, because so far as I understand from the statement of counsel this commission is to investigate the transactions of officials of the government.

Mr. WATSON.—Then, Mr. Bryant, I understand you have no objection to his lordship and to me seeing the books?

Mr. BRYANT.—I have tried to make that very plain, but for the purpose of the record I object.

Hon. Mr. CASSELS.—What you mean is that private transactions should not be made public if they have no relevancy or bearing on the matter?

Mr. BRYANT.—Yes, that you review these, not as evidence, but to examine them as relevant to the commission.

Mr. WATSON.—We will do that, and after doing that we will confer further with you, do you see, before seeking to introduce it on the record.

Hon. Mr. CASSELS.—I think Mr. Bryant's position is reasonable.

Mr. WATSON.—Yes.

Q. What other book have you, Mr. Brooks?—A. This is the journal, the same account, that is in form.

Q. Now then, just a word, Mr. Brooks. It is quite manifest, I should say, that this book has all been entered up within the last few days and all at the same time?—A. No sir.

Q. Well now, I just draw your attention to that meantime?—A. Yes.

Q. Of course, it is not in your handwriting?—A. Not in my handwriting, no sir.

Q. Who is the book-keeper?—A. A Montreal man.

Q. Montreal?—A. And I have another book-keeper here by the name of Mr. Tilley.

Q. Do you say this was written up in Montreal?—A. The main portion was.

Q. In Montreal?—A. Yes sir.

Q. Two or three years ago?—A. Oh no.

Q. How long ago?—A. About—oh, I think those books have been down here nearly a year.

Q. They have been down here nearly a year?—A. Yes sir.

Q. Do you know the name of the book-keeper there?—A. Yes.

Q. What is his name?—A. Dawson.

Q. Do you know his first name?—A. Charles E. Dawson. I ought to know.

Q. Yes. He is your book-keeper?—A. Yes, sir.

Q. I am much obliged to you. He is resident there in Montreal?—A. Yes.

Q. Was this book kept by him?—A. Yes sir.

Q. This journal?—A. Yes sir.

By Hon. Mr. Cassels:

Q. I understand that book is a transcript from the other book?—A. Not exactly. I cannot say what was carried, I have forgotten whether anything was carried over, but it was started with what he had at that time and business carried on from that time.

Q. When did you leave the Temple building?—A. About the date those books were opened, about 1905.

By Mr. Watson:

Q. There is no index to this book?—A. No sir; it is a journal. The accounts are so small.

Hon. Mr. Cassels.—I suppose the ledger will show the pages.

By Mr. Watson:

Q. There are only a few pages?—A. Nothing else but all the business done by the firm in Canada.

Q. Yes. And was this book brought with you from Montreal?—A. Yes sir.

Q. Then what other books have you got?—A. That is all I have that refers to the Marine and Fisheries Department.

Q. Then, you have the correspondence between you and the department?—A. I don't know we have any at all, I don't know what has become of it; the correspondence has not been kept.

Q. Well, you have letter-books?—A. No, sir.

Q. Have you not?—A. No sir.

Q. Don't you keep letter-books?—A. No, sir.

Q. Do you not copy letters?—A. No, sir. It is unnecessary for such a small business.

Q. Letters that were written to the department or the officials of the department in regard to proposed contracts would be kept, I should think?—A. Well, if they have been they have been thrown away. I don't know what has become of them. That was a matter for the book-keeper in Montreal. I don't know whether there is anything there or not in reference to that, but you can easily find out yourself there.

Q. You have your office in Montreal yet?—A. I have my office in Montreal yet.

Q. And all the correspondence is there in that office is it?—A. I don't know I am sure.

Q. The letters you received, where are they?—A. Well, there may be some in Montreal, there may be some here, but they have been thrown away, we don't keep tl ose things. After a year they are always thrown away. I do not know if there is a letter in existence. If there are I don't where they are.

Q. And the correspondence with Mr. Merwin?—A. The correspondence with Mr. Merwin I usually throw away after I read them.

Q. After you read them?—A. Yes sir.

Q. Do you mean to say——?—A. I only have a few around in the office, but they are all personal and have no reference whatever to this business, the letters I have now.

Q. Well, I would like you to see. You have invoices of the goods purchased and sold, have you not?—A. Yes sir.

Q. Invoices of the goods sold and purchased?—A. Yes, sir.

Q. Have you brought those with you?—A. No sir.

Q. Can you get those?—A. I can get them. The ledger there and journal is an exact copy of the invoices. We can furnish invoices for every item there.

Q. Yes. I would like to see the originals of the invoices, and I would like to see such correspondence as you can find to and from Mr. Merwin and to and from the department?—A. I will refuse to furnish anything that is personal, that has no reference. The ones I refer to now are simply personal letters; they have no reference to the department or the business so far as that is concerned.

Q. But your transactions with him. these were the only transactions you had with Merwin while he was at Montreal, were they not?—A. Oh no.

Q. In connection with the Marine and Fisheries Department?—A. In connection with the Marine and Fisheries Department.

Q. That is to say, all the correspondence with him would arise out of that?—A. Not necessarily. We had personal letters that had no reference whatever to the business in Montreal.

Q. Mr. Merwin was a partner of yours?—A. He was.

Q. Receiving a share and interest in the profits?—A. No.

Q. Entitled to a share and interest in the profits?—A. No.

Q. Your books will show, the personal accounts with him will show?—A. You have not seen any there yet.

Q. I say they should show, should they not?—A. Yes.

Q. Then have you got your bank-book?—A. No sir.

Q. Where is that?—A. I don't know where it is.

Q. What bank did you keep your account in in 1904-5-6 and 7?—A. I had the Sovereign Bank of Canada, and what is that other bank there? It is in the book there, the same bank.

Q. Then have you got your cheque-books and bank-books during those periods?—A. I don't know whether there is any of them around or not, I couldn't say.

Q. Will you kindly see?—A. I will look them up.

Q. And in connection with the same matters you have had more or less correspondence with the deputy minister, Colonel Gourdeau?—A. I will look that up to see if there is anything there. I do not know there is anything.

Q. And in the same way with Mr. Fraser as commissioner of lights?—A. I will look that up to see if there is anything there. My impression is I do not remember ever receiving a letter from Mr. Fraser. There may have been some.

Q. Yes. When can you make this further search and see us again?—A. Well, I do not know whether I could get it around here at the afternoon session or not.

Q. Could you say to-morrow morning at ten o'clock?—A. I would like to have you get through with this. I am a very busy man, and you are taking up quite some of my time, so I am anxious to get through. I do not want to conceal anything.

Q. Half-past ten o'clock to-morrow morning?—A. The only thing is you have another witness here, you may get through with him and may have me sitting here half a day.

By Hon. Mr. Cassels:

Q. We will give you precedence, we will have to go down to his office. I should like, if you have no objection, to see your contracts with the French firm of Barbier & Co?—A. No. I would consider that a personal matter, that has not anything to do with the department.

Q. I understand several of the lighthouses down the lower St. Lawrence were supplied by your firm?—A. Yes sir.

Q. With apparatus for lighting, which you purchased from the Barbier Co.?—A. Yes sir.

Q. Now, it does become a relevant and important matter as between the officials and myself; it is of no consequence to you, I do not know it makes the slightest difference to you. Suppose you bought equipment for a lighthouse from France for $6,000, it is no concern of yours if you sold that for $24,000 or $20,000, but it may be of the greatest concern to the officials?—A. Not at all. They would have nothing to do with my contract with the Paris firm of Barbier & Co. if we furnish the invoices afterwards.

Q. I want to know what was paid for them in Paris?—A. Oh yes, we will furnish you with the invoices.

Mr. BRYANT.—I beg your pardon. I do not think you have the invoices, but you have the statements.

Hon. Mr. CASSELS.—Statements, just to know.

Mr. BRYANT.—I have no objection to your seeing them now.

By Mr. Watson:

Q. But the contract relates to the same matter, the contract between you and the Barbier firm?—A. There is a contract.

Mr. BRYANT.—I would submit this to your honour: We have a number of these (producing), and it all deals with——

Hon. Mr. CASSELS.—At all events, from those papers Mr. Brooks would be able to show what he has actually paid for these.

Mr. BRYANT.—He is prepared to show now. As he has already stated in his testimony, the statements in the ledger will bear out these figures.

Hon. Mr. CASSELS.—Precisely. It is just for our information.

Mr. BRYANT.—This gives every item in French. The figures are here.

By Mr. Watson:

Q. Why not produce the contract between you and the company?—A. What concern is that of the commission where does it affect the commission? The only contract we have, I will state frankly we had the sole agency for the Dominion of Canada, and they could not be bought anywhere else.

Q. Well, if that is the only one it rather helps you than otherwise. Why not produce it?—A. I am not sure we have a written contract either. My impression is the agency of the French firm was given us verbally. I do not know of any contract. I will look among the papers.

By Hon. Mr. Cassels:

Q. You see, the important aspect that occurs is this: It is not merely a question of the officials getting a sum of money by way of commission, but they are charged with lack of conscience in paying too much. I have not the faintest idea what lighthouse apparatus would cost. Take an ordinary lighthouse like Matane?—A. There are our bills and statements and our books which show all that.

By Mr. Godfrey:

Q. Do your books show what you actually paid to the Barbier Company, what you paid them and what you sold to the government at?—A. Yes sir.

Q. Can you show that now?—A. Yes sir.

Q. That is what you want?

Hon. Mr. CASSELS.—Yes. I just want to get it that way when Mr. Brooks is examined.

Mr. GODFREY.—I understand that is there. Mr. Bryant has just told me. I am anxious to get that out on behalf of Mr. Fraser.

Hon. Mr. CASSELS.—It seems to me only fair in the interests of Mr. Fraser and everybody else that we should see that?—A. Yes. I have refused to give the books up, and it is only at Mr. Fraser's and Mr. Godfrey's earnest solicitation, and Mr. Merwin's that I produce these books now.

Q. We had better adjourn to half past ten to-mororw.

Mr. BRYANT.—I have an engagement to-morrow morning in court and probably could not go on with this until the afternoon.

WITNESS.—The afternoon will suit me, if you can find something else to do in the morning. I would prefer the morning, but I want to hold myself ready at your call.

Hon. Mr. CASSELS.—What time in the afternoon would suit you Mr. Bryant?

Mr. BRYANT.—Three o'clock.

Mr. WATSON.—Could you not make it earlier?

Mr. BRYANT.—I am figuring to get through in court. When we get there we do not know when we will get out.

Mr. WATSON.—Would half-past two suit you?

Mr. BRYANT.—Say half-past two.

Mr. WATSON.—Well then, could I get the other productions this afternoon, do you think?—A. If I can get them out I will.

Q. Would you be willing to send them around through Mr. Bryant this evening, say about seven o'clock?—A. If I can get them out. I will try to get them here by that time.

Q. Will you?—A. Yes sir.

Q. Then that will facilitate. And will you be kind enough to leave these with us in the meantime (indicating books)?—A. No, I rather object to that.

Q. They will be perfectly safe with us. I will have them in my own personal possession?—A. No, I will return the books when you want them.

Q. It is one of the objects of having it stand that I might go through the books in the meantime?—A. Well, you have an opportunity now with the counsellor. When I go away I take the books with me.

Hon. Mr. CASSELS.—What is the objection to leaving them?

Mr. BRYANT.—I have not any objection, but he seems to have a reason.

Mr. WATSON.—They just——

Mr. BRYANT.—Of course, if this was a court proceeding you would be required to examine them now when the witness is on the stand. We do not admit of any practice where we can get an opportunity of acquiring something in the absence of the witness.

Hon. Mr. CASSELS.—You may take whatever ground——

Mr. BRYANT.—There are not so many items that they could not be gone into now.

Mr. GODFREY.—Why not now?

Mr. WATSON.—It has goot to be done in an intelligent way. It is no use to do it unless it is done as thoroughly as possible. Slipshod work is the poorest kind of work. It is better not done at all than in that way.

WITNESS.—We have the pages sealed there now.

Hon. Mr. CASSELS.—The pages will not be opened, except those Mr. Bryant said might be.

WITNESS.—I will confer with my counsel.

Hon. Mr. CASSELS.—There cannot be any objection. It is only to shorten up the proceedings.

Mr. BRYANT.—But there are so few pages, this is devoted, as I understand, to the Marine and Fisheries Deuartment, and I do not think it would take Mr. Watson a great deal of time to look them over even while we are conversing about it from what I have seen of them.

Mr. GODFREY.—Personally, of course, my only interest is to get the fullest inquiry and I do not think, Mr. Brooks—Mr. Watson, of course, is a man whose word you can take absolutely, Mr. Brooks, I can tell you that.

WITNESS.—Certainly.

Mr. GODFREY.—And he says he will only look at those pages you produce there.

Hon. Mr. CASSELS.—Oh, yes, the books are absolutely safe so far as that goes. Nothing will be looked at except one part of what is sealed, because I understand we have permission to look at that personal account, but not to put it on the record. No possible harm can come of that.

Mr. BRYANT.—As I have said, I have no objection.

WITNESS.—All right.

Hon. Mr. CASELS.—Then we had better adjourn to half-past two to-morrow afternoon.

Mr. BRYANT.—Yes.

Hon. Mr. CASSELS.—If you find you are kept by important engagements, of course let us know.

Mr. BRYANT.—I will try and get rid of them.

Mr. WATSON.—Thank you. (The books were left with Mr. Watson.)

(Adjourned at 12.30 p.m. to 10.30 a.m. to-morrow, contingently on Mr Parmalee being then ready to proceed.)

Commission resumed at the Holland House, New York, at 2.45 p.m., October 15, 1908.

Mr. F. L. Brooks appears, accompanied by his counsel, Mr. J. Wilson Bryant.

Mr. Bryant.—Well, now, I beg your pardon, your honour Before this is read into the record, why the very pages that counsel is perusing are the very pages I objected to and still persist in objecting to disclose to this commission, because it deals with a personal account between these parties, and I submit they are not under investigation. I do not think it is fair at this time for counsel for the commission to read into the record something I have already objected to as well as protested against. I do not know what the real object is, but he is reading now into the record for the benefit of this commission in future something that on its face is irrelevant and not within the scope of the commission.

Hon. Mr. Cassels.—I think the witness ought to be examined.

Mr. Watson.—I just wish the items here, Mr. Bryant. That shows $6,000 put in.

Mr. Bryant.—As I said in private yesterday, the disclosure of this part of the book would require some explanation, which I understand from Mr. Brooks he does not think proper to give, he does not think he should be required to give.

Hon. Mr. Cassels.—I think the witness should be sworn.

Mr. Brooks.—Witness refuses to be sworn, on the ground that he is a voluntary witness, and came to show you the books and give you any information you could desire. Therefore, he refuses to be sworn.

Mr. Bryant.—As I understand it, it is this way, your lordship. He takes the position that he has come here, as he says, a voluntary witness when the Commission is out of its jurisdiction, you might say, to give to the Commission such information as these books disclose so far as they may relate to an official or a corruption fund. We go that far. Now, he is doing that in producing these books, and he has taken the trouble to what we call seal certain pages. The reason I object at this time is, that counsel, instead of taking advantage of the voluntary offer of the witness and perusing the pages that refer to the Marine and Fisheries Department, why, he is beginning, you might say, at the end of the proceedings, as I understood, we were to take this up lastly. I do not care what he peruses of pages 2 to 18.

Mr. Watson.—2 and 3.

Mr. Bryant.—But he passes that over.

Hon. Mr. Cassels.—I understand the witness refuses to be sworn ?

Mr. Brooks.—Refuses.

Hon. Mr. Cassels.—As far as I am concerned, I have no power to compel him to be sworn, and therefore everything he offers is not evidence.

Mr. Bryant.—Except the books.

Hon. Mr. Cassels.—But I may say this. Human nature is human nature. I have seen those books and I cannot lose my memory about them, although I may not be able to use them against this witness. But they are extremely relevant for this very important purpose: The allegation is that Merwin is a sharer in the profits which Brooks made out of his dealings with the Merwin Department. Merwin, of course, under oath has denied that. His evidence has to be reveiwed later on, perhaps not before me, perhaps somewhere else. Now the accusation is not determined yet that Merwin being a sharer in those profits occupied one of two positions, either that he had dealings with Brooks by which he purchased these articles from Brooks at a lower price—which the original books introduced would show—and they were turned over to the Government at a price far in excess of what he paid, and that he has shared these profits with two or three officials of the Marine and Fisheries Department; or that he acted for Brooks. Those are the allegations, and the books become of very great materiality in that respect.

Moreover, I do not intend to make any statement, but the appearance of these books looks to me as if they had been written out at the same time afterwards, and not from time to time as was stated by Mr. Brooks yesterday.

Mr. Brooks.—Your lordship, excuse me. That ends the argument right here.

Hon. Mr. Cassels.—Those are the relevant points. I want to say this further. There is a means of getting that information under the orders of the New York Courts. That means may have to be pursued and adopted. Of course, as Mr. Brooks has said he will not be sworn, I am powerless; I cannot force him to be sworn.

Mr. Bryant.—Well, of course, the witness may have reasons for not being sworn and all that.

Hon. Mr. Cassels.—Perhaps he has.

Mr. Bryant.—But so far as that latter statement is concerned, that these books apparently have been written at the same time, all I can say is, the bookkeeper is within the jurisdiction of the Canadian Commission.

Hon. Mr. Cassels.—We may have to resort to him.

Mr. Bryant.—And his evidence would be the best proof of that.

Hon. Mr. Cassels.—I do not say for a moment the entries were written at the same time, but if you take the ledger yourself and run that magnifying glass over it, it does not require very much knowledge—however, I have no power.

Mr. Brooks.—I came here as a voluntary witness prepared and very glad to assist you in any way which lay in my power. The question of the books having been doubted, why it is no use.

Mr. Godfrey.—Then all this proceeding does not form part of the record?

Hon. Mr. Cassels.—I do not say all the proceedings. At the same time it is there to be used at any time later on. I think that it would be unfair to use it Mr. Watson. Mr. Bryant objected.

Mr. Bryant.—If the witness refuses to be sworn—he is over 21—he is doing that without the advice of counsel. I do not see the objection to Mr. Brooks being sworn, but I do see from his explanation to me a very good reason for the objection to counsel for the Commission prying into something that I, through courtesy, as his counsel showed Mr. Watson yesterday for your lordship's convenience. Now, why should he start on those pages first? That is effrontery. He may not have meant it intentionally, but it makes one feel so.

Hon. Mr. Cassels.—You need not worry about that. However, that is the position of matters.

Mr. Bryant.—Of course, as far as that theory goes that the books have been written at one time, it seems to me the book-keeper is the best evidence of that.

Hon. Mr. Cassels.—The trouble about it, Mr. Bryant, is this: It is impossible for me to get away from the evidence Merwin gave, and the thing is very suspicious, at least. However—

Mr. Watson.—Well, that is all we can do then.

Hon. Mr. Cassels.—Yes. You will have to consider any other kind of proceeding—

Mr. Watson.—Oh, there are some other papers here which you kindly left. These belong to you. (Handing papers to Mr. Brooks).

Hon. Mr. Cassels.—We are much obliged to you for coming.

Mr. Brooks.—I am sorry I cannot be of more service.

Hon. Mr. Cassels.—I think you might be.

Mr. Godfrey.—Any further sitting?

Mr. Watson.—Mr. Parmalee said he would be here at half past three o'clock. You are interested in that.

After an interval of one hour and a half,

Mr. Randolph Parlamee appears.

Mr. Parmalee.—I have spent my best efforts in seeing what I can get at. The trouble is the officers at the office are extremely busy. He telegraphed last week that

some of them were away, which is true. Mr. Pye, vice-president of the company, who has charge of the business of the company and who is thoroughly familiar with all the details in connection with it, is the gentleman I wish to see. Yesterday he was away. I communicated with him and got him to come to the city to-day, but he had to be with railroad officials here this afternoon somewhere, and I have been at him trying to get hold of him to find out just from his standpoint, as he is the one officer of the company who would be familiar with all the details of every kind, what position he takes. Now I did get from him that we have no account——

Mr. WATSON.—Well, have you got the books ?

Mr. PARMALEE.—Let me explain to you.

Hon. Mr. CASSELS.—Yes, let Mr. Parmalee finish.

Mr. PARMALEE.—We have no books or account of any character containing any item against the name of the Department of Marine and Fisheries from 1903 down to the present time, nor have we on our books any account, in any name or suggestion of F. L. Brooks & Co., as we never heard of the concern, nor do we know anything of the membership of it , or anything else. Nor does the name of Mr. Fraser appear in any manner upon our books or any other official of the Marine and Fisheries Department. The only account which we have on our books in which the Department of Marine and Fisheries is interested in any way is our account with Mr. Merwin. Mr. Merwin's account embraced everything we did with Mr. Merwin in Canada, and it is all in one account. Now, I have had Mr. Pye to-day sign an affidavit, which I want to read to you as a statement of facts in connection with this whole matter.

Mr. WATSON.—That would not be evidence, that affidavit.

Mr. PARMALEE.—It may not be evidence, but it would be of the disposition on our part to be fair and frank with you.

Mr. WATSON.—I do not think so.

Mr. PARMALEE.—It may be worthless, but I think his honour might consider it as a feature—of course, if you do not wish to take it——

Mr. WATSON.—No.

Mr. PARMALEE.—I would like to have noted on the record that Mr. Parmalee offered a six paged affidavit from Mr. D. W. Pye, narrating an entire reply to every one of the requests that had been made of the company through Mr. Parmalee yesterday, a complete reply, which he desired to read.

Mr. WATSON.—Would Mr. Pye be willing to attend for examination ?

Mr. PARMALEE.—Mr. Pye cannot attend for examination. He has gone away again. He simply came in to talk to me to-day about this, so as to talk about the facts.

Hon. Mr. CASSELS.—Might I look at that?

Mr. PARMALEE.—Yes, I would be very glad for you to (Hands affidavit to his lordship.)—When I say Mr. Pye could not attend, I mean now. He might attend at a future time, but to-day or to-morrow he could not?

Mr. WATSON.—Have you got those accounts Mr. Merwin sent over ?

Mr. PARMALEE.—I have explained that all in the affidavit. The affidavit explains it from the standpoint of the only one who knows. Mr. Merwin, as I understand, sent to us everything that was of an original character that he had in his office connected with us.

Mr. WATSON.—And all copies of everything ?

Mr. PARMALEE.—Nothing in the way of books of account or ledgers of account of any character, because he had none on behalf of our company that we knew anything about.

Mr. WATSON.—Well, he had his statements, invoices and correspondence, and he said that all letters he had received from your company and copies of all letters delivered to your company were returned to your company.

Mr. PARMALEE.—That may possibly be. I do not know about that, we would not show them.

Mr. WATSON.—What?

Mr. PARMALEE.—If they were, we would not show them.

Mr. WATSON.—I see.

Mr. PARMALEE.—We would not show any correspondence or dealings between our agent and ourselves, we would not do it.

Mr. WATSON.—Do you mean to say you decline to produce for inspection and examination here now any correspondence between your company and Merwin?

Mr. PARMALEE.—I prefer to have the position of the company as stated by Mr. Pye in respect to that.

Mr. WATSON.—But is that the position he takes?

Hon. Mr. CASSELS.—Yes. It is taken very fairly in the affidavit. Mr. Parmalee has a right to take the position. It is very fairly set out there.

Mr. WATSON.—I see in this statement which you have had Mr. Pye sign it is said, 'Under no condition would we be willing to show our records as far as they relate to any correspondence between our representatives and ourselves relating to this matter.' That is the position you take?

Mr. PARMALEE.—That is the position we take, yes.

Mr. WATSON.—Then you are not in a position to give evidence as to the facts?

Mr. PARMALEE.—I am not, no. I have nothing to do with the company except the legal end of it. Legal matters only are submitted to me. I am in general practice; I am not confined to this at all.

Hon. Mr. CASSELS.—That was stated, yesterday.

Mr. PARMALEE.—Yes. The vice-presidency was an honour which they saw fit to give me.

Hon. Mr. CASSELS.—You are still unfortunately a practising barrister instead of being the real vice-president of this company?

Mr. PARMALEE.—That is right.

Mr. WATSON.—I see by the statement you hand here that it is stated that 'the course of business with the department through Mr. Merwin has been as follows:—Orders were sent from the Marine and Fisheries Department to Mr. Merwin at Montreal. Mr. Merwin would send the original orders to us to be filled, such orders were filled and shipped by us in care of George T. Merwin, our agent, value for the goods so shipped was sent to Mr. Merwin, in due course Mr. Merwin settled with us.' That is the regular way of business apparently. And I see further you say, 'We are absolutely unwilling to give any information as to the cost of the goods so delivered.'

Mr. PARMALEE.—We consider that position is a perfectly proper position for us to take, as our merchandise was sold for a fixed standard price, a lower price now than the Canadian government formerly obtained for it, and we see no reason why we should go into the element of cost at all.

Mr. WATSON.—Well, that is all we can do. That affidavit is of no use.

Hon. Mr. CASSELS.—We are much obliged to Mr. Pye and to you also for the trouble taken.

Adjourned at 4.45 p. m., October 15th, to Wednesday, November 4th, at 11 a. m., in the Court House, Quebec.

Mr. Watson will remain in New York to see if he can get any further particulars.

Resumed before The Honourable Mr. Justice Cassels, at Quebec, Wednesday, November 4, 1908, at 11 a.m.

GEORGE H. WATSON, K.C., and J. L. PERRON, K.C., appear as counsel assisting in the investigation.

The Honourable Senator P. A. CHOQUETTE, K.C., appears for Mr. J. U. GREGORY.

Mr. WATSON.—My lord, I have to ask your lordship for a little indulgence this morning. If your lordship pleases I would like half an hour before commencing with

the evidence. I find we are in a little difficulty in regard to some material that we expected; it is not at hand, but we will have matters in some sort of systematic shape in the course of half an hour.

Hon. Mr. CASSELS.—Will you be ready in half an hour ?

Mr. WATSON.—I think, my lord.

Hon. Mr. CASSELS.—Will that satisfy you, Mr. Senator ?

Senator CHOQUETTE.—Oh yes, I have no objection to that.

Hon. Mr. CASSELS.—Then we had better adjourn for half an hour.

Adjourned to 11.30 a.m. and then resumed.

Mr. WATSON.—My lord, my learned friend and I have not yet received from the department some statements, summaries and classifications for the purpose of assisting in the presentation of the evidence that we anticipated. No doubt it is on the way and will be here in the morning. That will materially assist us in presenting the matter promptly and satisfactorily to your lordship. Meantime I may state for your lordship's information the particulars as to several of the officials at this agency.

I find from the statement which is handed to me from the department, and which I have no doubt is quite accurate and can be verified, that Mr. J. U. Gregory is the chief agent here, and that he was appointed to his present position in the year 1870; at the present time he is carrying a salary of $2,200 a year. Next on the list is Mr. Mailloux. He is an accountant. He was appointed to the present position quite recently, namely, February, 1904—that is comparatively recent—and he is getting a salary of $1,250. The next is Mr. Hamel, appointed to his present position in November, 1890, and getting a salary of $1,100. George D. O'Farrell, inspector of lights, was appointed in December, 1877, at a salary of $1,300. Mr. Koenig, the captain of the *Druid,* was appointed to his position in November, 1891, at a salary of $1,300. Mr. Parent, resident engineer, was appointed in November, 1905, at a salary of $2,000. Mr. Belanger, captain of the *Montcalm,* was appointed April, 1887, at a salary of $1,500. Mr. McGough, captain of the *Champlain,* was apointed April, 1905, his salary being $1,000; and the last one named, Mr. McGreevy, of the signal service, was appointed December, 1905.

Then, my lord, those in the department who recommend expenditure in this agency, are, first, Mr. Gregory, then the inspector of lights, Mr. O'Farrell, the captain of the *Druid,* Mr. Koenig, the resident engineer, Mr. Parent, Mr. Belanger, the captain of the *Montcalm,* and Mr. McGough of the *Champlain.* Those are the parties who have functions and duties to perform in the way of recommendations of expenditure and the amount of expenditure.

Then, my lord, I find that these statements I have shown that in 1904 and 1905, the total expenditure in this branch was $935,430.96, well on to a million dollars; 1905 and 1906 the total expenditure was $962,577.61; and 1906 and 1907 the total expenditure was $874,540. I have some details of the expenditures during these years, and it will facilitate, I think, if I place before your lordship a copy of this statement containing the details, so that it may be of easy reference. I find, for instance, in 1904 and 1905, that the largest item is the item of construction. That year it was $447,000. The next item of that year.

Hon. Mr. CASSELS.—What is the nature of that construction?

Mr. WATSON.—I will have to give your lordship—I am not able to answer that accurately just at the moment, my lord. The next is Salaries and Maintenance, $261,879; and the next largest item is the Beaujeu Banks, $93,000.

Hon Mr. CASSELS.—What?

Mr. WATSON.—The Beaujeu Banks. Then Dominion Steamers, $83,000—I need not go over the other items. I will give your lordship that just by way of illustration of that year, and comparatively they are about the same for other years.

Then, my lord, Mr. Perron, my learned friend with me, has spent some time here in the preparation of, and has through his agents and representatives caused subpoenas to be served upon a very considerable number of parties to appear here as witnesses for the purpose of showing the transactions between them, vendors, and the department, through the agent, Mr. Gregory. These are taken from a list of merchants and others in Quebec who dealt with the department during these years. When I tell your lordship that that list covers four type-written pages, your lordship will see there have been a great many transactions, and they go from comparatively small sums into the neighbourhood of a couple of hundred thousand dollars for individuals.

In the first place, my lord, in order to maintain what I conceive to be a proper system, because your lordship will appreciate, and the witnesses and others interested I am quite sure, will also appreciate that my learned friend and I intend to make our investigation most thorough and exacting and complete in every respect. For that purpose the production of their books of account and other vouchers will be absolutely necessary. We cannot proceed in a satisfactory and thorough way without first having before us a statement as to productions and having the productions in hand, so that if your lordship would allow us we propose, in the first place, this morning to call some witnesses into the box for the purpose of obtaining their productions in order that we may have those in hand and in that way may proceed thoroughly and accurately in the examination and, if necessary, the cross-examination of the witnesses as they are called upon afterwards to testify. My lord, I take first the firm of Archer & Co. I would like Mr. Archer to come forward.

JOSEPH ARCHER called.

Senator CHOQUETTE.—May it please your lordship before proceeding with the *enquete* I should like to make an application on behalf of my client, who is very much interested in this. I should like to have a copy of the evidence.—I suppose many copies will be made up—and I should be glad to have a copy in order to follow the *enquete* exactly in the interests of my client. I should like your lordship to order that a copy be delivered to me as soon as delivered to my learned friends.

Hon Mr. CASSELS.—That is reasonable.

Mr. WATSON.—Quite so.

Hon. Mr. CASSELS.—I do not know, Mr. Senator, quite the position you take. Do you consider the whole of this investigation in Quebec is a trial of Mr. Gregory?

Senator CHOQUETTE.—Well, I cannot say exactly so far. I am just following the matter in the interests of Mr. Gregory. I am not here to-day on behalf of anybody else, I am just here in Mr. Gregory's interests, following this *enquete*.

Hon. Mr. CASSELS.—But, in asking for a copy of the evidence do you think it material to get a copy of all the evidence taken here in Quebec?

Senator CHOQUETTE.—I suppose so, because it would be no more cost to make many copies.

Hon. Mr. CASSELS.—I stated at the opening of this commission that anyone under a charge is entitled to the fullest protection and the benefit of counsel, and if counsel consider a copy of the evidence is proper for his client's defence—if you choose to call it his defence, you should have it. You do not want to pay for a copy, you want it supplied free?

Senator CHOQUETTE.—Yes; a copy to be delivered to me as to my learned friends.

Dr. MORSE.—To be paid for by the department?

Mr. WATSON.—Oh, that is another matter, my lord. I am not in a position as counsel to undertake expenditure. I will tell my learned friend, the senator, this, that as soon as I get a copy I will be pleased to let him have the use of my copy at his leisure.

Hon. Mr. CASSELS.—No, I think what the Senator suggests is this, Mr. Watson: He seems to think that Mr. Gregory is on trial here—and perhaps to a certain extent

he is. Of course, prima facie, all these officials are under a cloud, and they have got to be relieved of that cloud. Well, it is not very much extra expense, and I think the country might furnish a copy of the evidence.

Mr. WATSON.—Of course, it is your lordship's direction entirely.

Hon. Mr. CASSELS.—As far as I have power I direct that a copy be supplied. I do not know whether I have power or not. I do not control the funds.

Mr. WATSON.—Meantime, my learned friend, Mr. Perron and I, each receive a copy, and we will be very glad to let the Senator have one of the copies that we get.

Senator CHOQUETTE.—I will be satisfied with that.

Hon. Mr. CASSELS.—I think the Senator is entitled to have it and go over it with his client.

Mr. WATSON.—Yes, that will facilitate. It might be that if my learned friend came here to demand a copy, perhaps a dozen other members of the bar might say that they were interested on behalf of someone and also wanted copies. I do not know where it would lead to.

Hon. Mr. CASSELS.—It could only be on behalf of the men under this charge.

Mr. WATSON.—Yes. We will see that my learned friend has the use of one of our copies at his pleasure.

JOSEPH ARCHER, sworn.

By Mr. Watson:

Q. Mr. Archer, you are a member of the firm of Archer & Co.?—A. And the sole member.

Q. The only—A. The only member.

Q. You are the sole proprietor?—A. I am the sole proprietor.

Q. Of the business? I observe that your business is that of a dealer in coal and lumber and the like? A. Yes.

Q. And that you have had, apparently, very large transactions with the Department of Marine and Fisheries here at Quebec for some years?—A. Well, it depends on what you call large.

Q. I see. I observe that during the three years, 1904 and '5, 1905 and '6, and 1906 and '7, that the total of your transactions amounts to the sum of $131,987?—A. Well, then, if you take the Sorel contract in with that, that might be, but I do not believe it comes to that amount. The Sorel contract was $20,000.

Q. That strikes you as a large amount?—A. May be.

Q. Now then, you are doing business here in Quebec?—A. Ido.

Q. Of course, we know from your position in business and your reputation that you do business in a systematic, thorough way?—A. I hope so.

Q. Yes. And the business cannot be done in that regular systematic way without the keeping of proper books of account?—A. Of course not.

Q. Then, first, will you be good enough to refer to your subpoena, and you will observe from that that you have been subpoenaed to produce your books containing certain entries?—A. I saw that but I did not—I have not been well lately, so I don't attend much to the office, and I would like to stop here as short as possible.

Q. I hope we won't be obliged to detain you long?—A. The books are at the office. I can get them up this afternoon. They are in a very dilapidated state, no doubt, however they are there.

Q. Then, let me state, Mr. Archer, for your information and the information of others as well who have to attend, that it depends entirely on the degree of facilities that you afford us in the production of books and in the classification and statements from the books as to how long you may be detained here. If that information is not furnished, then witnesses will be required to remain upon the stand until the information is given?—A. I have no objection at all to furnish it.

Q. I am sure you have not.—A. It is only one account.

Q. Yes. Then you have a ledger ?—A. It is a ledger entirely. You can see the whole transaction.

Q. Just wait a minute. You have a ledger ?—A. I have.

Q. For these years and up to the present time ?—A. Yes.

Q. Do you recollect if that is in one ledger or more than one ?—A. I think it must be in two ledgers. One must be finished.

Q. Are you quite sure ?—A. I am positive, but I can easily find out.

Q. Then, in addition, you have a journal ?—A. Yes, there is a journal.

Q. There would be more than one journal, of course ?—A. Most probably.

Q. Yes. We are seeking to commence on the first of January, 1904, up to the present time.—A. Well, whatever there is, I will bring it.

Q. You have a bookkeeper ?—A. One of them—I have a bookkeeper.

Q. What is the name of the bookkeeper ?—A. One of them is named Petit and the other is named Gover.

Q. Are they in your employment ?—A. They are in my employment.

Q. Then, in addition to the bookkeeper, have you an accountant, as distinguished from a bookkeeper ?—A. No.

Q. Then who has to do with the books, anyone else than the two bookkeepers ?—A. No one else.

Q. Then have you a cash book ?—A. I have a cash book.

Q. More than one, probably, during that period ?—A. It may be possible.

Q. And you have your bank books ?—A. I have my bank book, yes.

Q. In what bank has your account been kept ?—A. In the National Bank.

Q. Eh ?—A. In the National Bank for 45 years.

Q. And what other books have you ?—A. No other books.

Q. No other books ?—A. No.

Q. Then you have a system of correspondence, you have letter books ?—A. I have letter books, but I never had any correspondence that I know of, with Mr. Gregory, or anybody else on my business. I have had correspondence with Ottawa on business.

Q. Then your correspondence is copied in the ordinary letter book, is it?—A. Yes, sometimes we think it worth while and we copy the letter, otherwise we don't.

Q. Then, Mr. Archer, I would like the letter books.—A. You can have all you want.

Q. Yes. And then, in addition, have you any private account with any official ?—A. No, no private account with any official.

Q. Not with any official ?—A. No.

Q. At all events the ledger will show.—A. The ledger will show every transaction as it stands.

Q. The amount ?—A. The amount sold and the amount paid for.

Q. The amount of your receipts and the amount of your disbursements ?—A. Yes—not disbursements.

Q. Then in addition you have your regular price list ?—A. We have no price list. If you want to buy lumber from me——

Q. I am not asking for any explanation at the moment, Mr. Archer, if you will kindly permit me to say so. Do you issue price lists of your goods, lumber or coal, at any time during the year ?—A. No.

Q. You do not ?—A. We do not.

Q. Then if you will be good enough, Mr. Archer, to see your bookkeepers and arrange for the production of these books you speak of here this afternoon at half-past two o'clock, I will be obliged to you ?—A. I will try and do so, but one of them may be absent, because he goes out collecting.

Q. We will require all those books, the originals.—A. From 1904 ?

Q. From 1904 down to the present time.—A. Oh well, you can have it.

Q. I thank you. Then who is there in business in Quebec, the same class of business in Quebec that you are engaged in, that is dealing in lumber and in coal?—A. Well, really, I could not give you the names of all of them.

Q. One, a very substantial reliable firm.—A. Well, there is Mr. Brown.

Q. What is his first name?—A. W. & D. Brown.

Q. W. N. G.?—A. W. & D.—I am not sure—

Q. Wait a moment. I do not find his name on the list. Mr. Brown, all right, I thank you. I mention that because—well, I need not say, we can easily get his address.—A. Yes. He deals only in lumber; he does not deal in coal.

Q. Just in lumber?—A. Yes.

Q. And in coal?—A. Oh, there are about a dozen of them.

Q. Give me the name of one prominent, reliable dealer. A. Webster.

Q. Webster?—A. Is a very first-class man.

Q. All right, thank you.—A. There are others, if you want

Q. That is enough for the present, thank you.

Hon. Mr. CASSELS.—Do you want Mr. Archer to come this afternoon, or the bookkeeper only?

Mr. WATSON.—I would like him to come, my lord. I want his responsibility as to the production of the books.

WITNESS.—I have not been very well. I know nothing about the books. My bookkeeper can give you more information than I can. I can give you nothing at all. If you want me at any time you can get me by telephone. I do not care to stop here, I have been unwell, and am unwell still.

Mr. WATSON.—I am very sorry to hear it. We will do everything we can to meet your personal convenience, you may be quite sure, but I would like you to be good enough to be here at that time, because I want, if you please, your personal responsibility as to the production. I take it you will have communication with your bookkeepers and make sure that they are giving you reliable information and making reliable production so that we will not keep you long this afternon, if you will be kind enough to be here?—A. Oh, yes, I will be here.

WILLIAM ROBERT BLAKISTON sworn.

By Mr. Watson:

Q. Mr. Blackiston, you are in business here in Quebec?—A. Yes sir.

Q. And the character of your business?—A. Sail making.

Q. Eh?—A. Sail making. Sails, tents and awnings, and anything like that, you know.

Q. Yes. You also have had considerable transactions with the department?—A. I had.

Q. During the last three years?—A. No. I succeeded my father the last two years.

Q. Two years?—A. Yes.

Q. I see. It was the business of your father before that?—A. Yes.

Q. But you were familiar with it, no doubt?—A. Of course I did not understand his transactions.

Q. Were you in the business?—A. I was in the business with him but he had his own way of doing his own business. I did not understand his way of doing his business.

Q. You were not a partner with him prior to two years ago?—A. Not registered.

Q. But you were a participating partner?—A. Yes, he took me as a partner, his son.

Q. So that in that way you were familiar with it. Now then, have you brought your books with you?—A. I brought it, but I left it down at the Clarendon hotel, I did not think they required it here just now.

Q. What did you bring to the hotel?—A. My book.

Q. What book?—A. My business book, the book I enter all my accounts in.

Q. What do you call it?—A. I call it—I don't understand much about book-keeping, it is bookkeeping of my own. I have it all in my book. I don't know what you may call it. I was never posted up in bookkeeping, and our business was not so important.

Q. Have you a book-keeper?—A. No, our business is not so important that we can keep a bookkeeper.

Q. Have you a ledger?—A. No sir; just one book, and I have everything entered in that book according to my own—

Q. All your entries?—A. Yes.

Q. At all events you have a cash book separate from that?—A. No, I have nothing separate except that one book, and I put everything in that one book.

Q. How long has that one book been in use?—A. Since '97,

Q. Since 1907?—A. 1907 I meant to say.

Q. And where is the one before that?—A. I had none before that.

Q. But your father had, he was in the same business?—A. I suppose.

Q. Will you get that?—A. Yes if I can find it.

Q. Oh, well, that is quite recent, you know, only two or three years back?—A. I know, but if I can get hold of it—

Q. Of course, business people in Quebec do not destroy their books—A. Of course, I know, important books, but our business being so small—

Q. Then, if you will be kind enough to produce those two books, that is the book commencing 1907 and the one before that?—A. Yes.

Q. And your bank book?—A. Yes.

Q. What bank do you keep your account in?—A. The Quebec bank.

Q. The Quebec bank?—A. Yes, sir.

Q. And you have correspondence?—A. Correspondence? No, I have nothing of any kind. The correspondence I used to have was very little, and those I did have I did not think of any worth.

Q. Never mind. Let us have the letter book containing copies of the letters and also the letters you received?—A. I have no letter book.

Q. No letter book?—A. No.

Q. Where are copies of the letters you sent?—A. Copies of the letters with the government?

Q. Yes?—A. I never wrote to the government.

Q. The department?—A. No.

Q. Mr. Gregory?—A. No, I never wrote to him at all. I simply got the orders from the government, that is all I ever got, except odd letters telling me how to put a certain number on the account, I never got an ycorrespondence of any kind.

Q. Then you have a cheque book?—A. Yes.

Q. Then, those two books, the bank book and the cheque book, what other books have you besides?—A. That is all the books.

Q. And the correspondence?—A. I didn't keep any, I don't think.

Q. Then you have letters that you received from Mr. Gregory?—A. Letters?

Q. Yes, that you received from him. A. I have no letters received from him.

Q. Or from the department?—A. Well, I may have received odd letters, telling me how to put in the order, it was in 1907, I think it was, I received a letter telling me to put in my accounts before the end of the year.

Q. I want those letters that you have?—A. I have not got them, I destroyed them.

Q. You destroyed those letters? A. I destroyed them.

Q. When were they destroyed?—A. A day or two after I got them, the first day. I may find them, if I can find them I will certainly bring them up.

Q. In your line who else is in business here? Some equally responsible firm as yourself?—A. Mr. Alleyne.

Q. Will you kindly have those books here at half past two?—A. Half past two?

Q. Yes?—A. Yes.

FRANCOIS XAVIER DROLET, sworn,

By Mr. Watson:

Q. Mr. Drolet, you are in business here at Quebec?—A. I only speak French.

Q. Well, I have only just two or three questions to ask you. We will get along better if you will answer in English. You are in the butcher business, are you not?—A. No sir, no.

Q. What is the business?—A. *Mecanicien.*

Q. That is hardware?

Mr. PERRON.—No, mechanics.

Mr. WATSON.—Oh yes, F. X., that is the mechanician. You keep books, have you brought the ledger with you?—A. (In French).

Hon. Mr. CASSELS.—Mr. Drolet, the examination now is only for a few minutes with a view of getting production of the books. When you come to be examined later on, if you find you cannot express yourself in English you can speak French.

By Mr. Watson:

Q. Who has it, what do you call it? A. I do not keep them.

Q. What books have you got?—A. Only a ledger and journal. My clerk keeps them for me.

Q. What is the name of your clerk?—A. Elzear Audibert.

Q. They are in your office now?—A. Yes.

Q. Now then, why did you not bring the books with you ?—A. (In French.)

Q. Tell me in English why you did not bring the books with you ? ? Never mind. Does your bookkeeper speak English ?—A. Very little.

Q. Some ?—A. Very little.

Q. Will you have him bring the books here at half-past two this afternoon ?

Hon. Mr. CASSELS.—Is the bookkeeper at the office, Mr. Perron?—I understood this witness to say the bookkeeper was ill.

Mr. PERRON.—He was there this morning, but the witness does not know if he is there now, because he is sick.

Mr. WATSON.—Your lordship will see the total account with Mr. Drolet is $144,-223, so that Mr. Drolet will appreciate that it will be absolutely necessary for us to have the books here, in fact we must have them here, and it will depend altogether on the extent to which we are facilitated by production what length of time it may take in getting the proper full evidence from his office. (To Mr. Perron).—Just tell him what books we require.

Hon. Mr. CASSELS.—You undersrtand, Mr. Drolet, what is wanted ? You understand enough to know you must get all your books here, then when you come to be examined it will shorten the examination, and then if you cannot express yourself in English you can do so in French. Meanwhile we only want to get your books.

Examination continued in French by Mr. PERRON.

FRANCOIS XAVIER GAGNON sworn,

By Mr. Watson :

Q. You deal in groceries ?—A. No, pork.

Q. Anything besides pork?—A. Pork and butter.

Q. Pork and butter. Then, you have brought your books with you ?—A. I have one book.

Q. Let us see it, please.—A. (Witness produces book.)

Q. Where is the account with the Department of Marine and Fisheries ? Show it to me.—A. (Witness hands index to counsel.)

Q. Have you not made an account with the department ?—A. No.

Q. Not with the department ?—A. No.

Q. There is one here?—A. The *Canadienne*.

Q. Any other ? Where is that account in the book ?—A. Give me the number of the page.

Q. 308. Is there any other account with the department ? This is Captain Koenig ?—A. Yes.

Q. Where is the account with Mr. Gregory ? The account with Captain Koenig is 308.—A. 332.

Q. 332. The account with Mr. Gregory is 332 and 333. What year is that ? Look at the top.—A. 1905

Q 1905 ?—A. 1905, and 1906 behind.

Q. Where is 1904 ?—A. There is 1904.

Q. Thank you. January, 1904, starts at page 230. Then, any other accounts, except those with Mr. Gregory and Mr. Koenig ?—A. (In French.)

Senator CHOQUETTE.—Your lordship, the answer, we ought to have that exactly.

Hon. Mr. CASSELS.—What is that ?

Senator CHOQUETTE.—We ought to have down exactly what he said. He is answering in French, and we want that there. I now make objection that the witness is being examined in English and is answering in French.

WITNESS.—I cannot speak in English.

Senator CHOQUETTE.—Then, ask the court to speak in French. Now, where Mr. Gregory is concerned I must press my objection.

Hon. Mr. CASSELS.—As I understand, at present they are only trying to identify pages of the accounts.

Senator CHOQUETTE.—I am going to make objection on behalf of Mr. Gregory.

Hon. Mr. CASSELS.—If the witness wishes to speak in French he is at liberty to.

Senator CHOQUETTE.—That is what I understand.

Hon. Mr. CASSELS.—At present, as a matter of convenience, this is a mere cursory examination to get the books produced, and the witness can give the pages there so that they may be identified. When it comes down to his examination, if he cannot then speak English properly he can give his evidence in French. Now, as a matter of convenience, he surely understands sufficient English for the purpose of this production.

Senator CHOQUETTE.—But we have not his answers in French.

Mr. WATSON.—He says he has no cash book.

Hon. Mr. CASSELS.—The senator is objecting to the previous question, Mr. Watson.

Senator CHOQUETTE.—I do not object to the question, but the question was in English and the answer in French. I should like to have the answer in English or else the question in French and the answer in French so that the whole evidence may be in French. The man has said two or three times already that he wished to speak in French. Well, it is not for me to object, but now I have brought the matter before the court, I think the questions should be put to him in French so that his answers may be in French.

Mr. WATSON.—I have only one or two questions that he can answer. He says he has no cash book. If he——

Senator CHOQUETTE.—I object. I am very sorry, but the witness has said three times already that he wished to answer in French. Well, his answer must be in French. I am objecting to any questions being put in English. There is a French lawyer here, and the questions may be put in French.

Hon. Mr. CASSELS.—At present he is only asking for productions.

Senator CHOQUETTE.—As soon as Mr. Gregory's name comes in I must have everything in French.

(Continued in French).

JAMES J. MURPHY, sworn and examined by Mr. Watson:

Q. You are dealing in brick and lumber?—A. Yes.

Q. Have you brought your books with you?—A. Not this morning.

Q. Why not?—A. I did not think they would be needed this morning. I can get them up this afternoon.

Q. We cannot do anything without the books.—A. I did not expect to be examined.

Q. I see. You have a ledger?—A. Yes.

Q. A journal?—A. Yes—no journal. A ledger and cheque-book.

Q. A ledger and day-book, a day-book, cash-book?—A. No, petty cash.

Q. Where do you enter your cash as you receive it?—A. Into the ledger, sir.

Q. Straight into the ledger?—A. Right into it.

Q. Does it go through any other book or into any other book first?—A. (Witness shakes his head).

Q. You did not answer. The reporter cannot take down the shake of your head. He can see it if looking up, but he cannot hear it. What bank do you keep your account in?—A. The Merchants Bank.

Q. You have your bank-book?—A. Yes.

Q. And cheque-book?—A. Yes.

Q. That is from 1904 to the present time?—A. Yes.

Q. And letter-books?—A. Well letter-books, loose-sheets, that is we take a duplicate copy of letters we send out in the cabinet system.

Q. You have those summarized?—A. Yes.

Q. In that cabinet system you keep it? That is, that relating to the department?—A. I have all the letters of the department in one folder.

Q. Yes. Then, who else is in business here in the same line with yourself, some good, responsible firm?—A. In the wholesale lumber there are several.

Q. Are you wholesale or retail?—A. Chiefly wholesale, sir.

Q. And retail part?—A. Part, yes.

Q. Then who else is in the wholesale line?—A. Brown.

Q. I have had Brown already, give me somebody else?—A. Well of course there are export firms, there are Sharples and Dobles, exporters.

Q. And who in the retail branch?—A. Well, in the retail there are J. B. Pocord——

Q. That is enough, that is for lumber, is it?—A. Yes.

Q. And brick?

By Hon. Mr. Cassels:

Q. What kind of lumber was it?—A. All kinds.

Q. Pine?—A. Spruce and pine, pitch pine.

Q. Is there a firm called Price in Quebec, Price Bros.?—A. Yes, Price Bros. are manufacturers.

By Mr. Watson:

Q. They sell by wholesale and retail?—A. Yes.

Q. I see, then will you be kind enough to have your books here at half past two o'clock?—A. Yes, sir.

Mr. SAMSON called but not present.

Mr. WATSON.—I have been informed, my lord, that Mr. Samson was served with a subpœna, and that after service of the subpœna he left and went into the country and has not returned. Of course, your lordship understands this Commission is sitting at a great deal of expense and there is great deal of urgency as to time. It is very important indeed, I think, that all witnesses should understand the same necessity

exists in attending promptly here as in the sittings of the High Court of the province; it is absolutely necessary that there should be prompt response.

Hon. Mr. CASSELS.—I quite agree with you, Mr. Watson. It is only causing delay and no useful purpose is served by witnesses not attending promptly. If it takes the rest of my life I have to go through with this inquiry and I do not intend to shorten it owing to the absence of witnesses. The witnesses had better understand that they must attend here, and that they will not get off being examined if it is necessary for them to attend.

Mr. WATSON.—Witnesses cannot possibly be excused for not attending.

Hon. Mr. CASSELS.—It is of great importance to me to get through as fast as I can but at the same time the work must be done thoroughly, as you understand.

Mr. WATSON.—Quite so. My learned friend tells me that a telegram has been sent to Mr. Samson reminding him of the service of the subpoena and requiring his attendance tomorrow morning at the latest. I may just mention this, my lord, as a matter of information to any others who may not be here, that any parties not in attendance to-morrow morning, having been subpœnaed, I shall be obliged to ask your lordship for a Bench warrant and for their attendance in custody under the Bench warrant.

Hon. Mr. CASSELS.—I think the witnesses ought to facilitate the inquiry in every way. The matter has to be investigated.

SENATOR CHOQUETTE.—If you will allow me, I will make this explanation in order to show that Quebec people are very obedient to their subpoenas. Mr. Samson has a partner and he has sent that partner with all the books to the Court this morning. Now he has been telegraphed that he must be here himself. He did not know that. His partner has telegraphed to him to be here himself.

Hon. Mr. CASSELS.—Of course, Senator, I am not speaking of this gentleman particularly. The absence of witnesses causes delay, but whatever delay there may be we will have to get through with the inquiry.

HENRY LEMIEUX, sworn,

By Mr. Watson:

Q. Mr. Lemieux, you are a patner of Mr. Samson?—A. Oui, monsieur.

Q. Mr. Samson is out of town?—A. He is out of town just now, yes. I expect he will be back tomorrow.

Q. To-morrow morning, I hope?—A. Yes.

Q. How long have you been in business?—A. Since the 1st of February, 1905.

Q. I see. You are a partner getting a share of the profits?—A. Oui, monsieur.

Q. Have you the books of the firm here?—A. Oui, monsieur.

Q. Let me see what you produce, please.—A. (In French).

Q. I am asking you just a few questions now if you will kindly use your English to oblige me. Have you a ledger?—A. Yes, sir.

Q. Let me see the ledger, please. (Witness produces ledger).

Q. That is the one. Where is the account with the department?—A. Yes, sir; there sir.

Q. That is at what page?—A. 25 of letter M of my ledger.

Q. That commences January 31, 1906?—A. Yes.

Q. Where is the book before this one?—A. The book? It was an old ledger.

Q. I know.—A. I would like to give you satisfaction.

Q. Have you got it there?—A. No, (continues answer in French).

Q. Wait, please. What you can tell me in English, please tell me. Is it in the office, the one before this, the ledger before this time?—A. (In French).

Hon Mr. CASSELS.—He will search for it.

By Mr. Watson:

Q. The one before this, will you kindly look for it?—A. Yes.

Q. Then have you got a journal?—A. Yes sir.

Q. Will you kindly bring that with you?—A. I have it.

Q. Is it here?—A. Yes.

Q. Bring them around here. (Witness produces books).

Q. This is a journal of November 5th, 1905. This commences February, 1905?—A. Yes.

Q. This is down to July, 1908?

(Ledger marked Exhibit 87).

Q. Have you looked for it, the one before this?—A. (In French).

Q. Listen. You understand the question. A. (In French).

Q. Will you look for it in the office, the one before this?—A. (In French.)

Q. Wait, please. What is this book?—A. A cash book.

Q. This commences—when does it commence, what is the date?—A. 1905, the same date.

Q. Well, I am very pleased, you speak English quite accurately.—A. (In French.)

Q. Listen. Will you kindly do me the favour to speak to me in English, if you will and oblige me.—A. (In French).

Q. Where is the cash book before this ?—A. (In French).

Q. This will be marked.

(Cash book No. 1 marked Exhibit 88).

Q. And the bank book, I notice commences in June, that is 1905?

(Journal marked Exhibit 89).

Q. October, 1907. Where is the one after this?—A. I need it.

(Another journal marked Exhibit 90.)

Q. I will give it back to you after I have looked at it. This is your pass-book?—A. With the the Banque Nationale.

(Pass-book marked Exhibit 91).

Q. I see it starts in August, but there is no year there. What is the year?—A. That is last year, I believe.

Q. 1907. You speak English very well. And this comes down right to the present time?—A. Yes sir.

Q. Yes, November 3rd. Will you bring this book with you?—A. I want it.

Q. You can have it. I say will you bring it back with you?—A. Yes.

(Another Banque Nationale pass-book marked Exhibit 92).

Q. Cheque-books?—A. None before this one.

Q. Where is the one current now? All this is right up to the present time?—A. Yes.

Q. There must be another one, because this is empty?—A. It it a very new one.

Q. All right.

(Cheque-book marked Exhibit 93).

Q. Letter-books now?—A. We have none.

Q. You must have some?—A. No.

Q. No letter-books?—A. No.

Q. Why, you do a very large business, I see your account with the department is about $145,000.—A. Since?

Q. Since the first of January, 1904. $145,000, and no letter-books?—A. No sir.

Q. No letter-books, you write letters?—A. We don't copy them.

Q. You copy them?—A. No.

Q. Well, you receive letters, they come to you?—A. I have received some letters with cheques, that is all.

Q. Where are those?—A. (In French).

Q. Well, look for them, will you?—A. Yes.

Q. Have them here, will you, when Mr. Samson comes?—A. I suppose, yes.

Q. To-morrow morning?—A. I expect so.

Q. We will require him to-morrow morning, at half past ten o'clock. Will you kindly send him a message to that effect?—A. It is done, sir.

By Hon. Mr. Cassels:

Q. You say you do not copy your letters?—A. We do not copy them.

Q. You do not keep duplicates of them?—A. We keep certain copies of very im portant letters, but regarding this department—you will excuse me speaking French?

Q. Yes. Speak entirely in French.—A. (Witness completes answer in French).

Q. With officials in the department, say with Mr. Gregory or anyone else, have you copies of those letters?—A. No.

Q. None whatever ?—A. No.

By Mr. Watson:

Q. Then, in general hardware, who is another merchant doing business in the same line here? Give the name of another strong, reputable firm?—A. La Compagnie Martineau and C. A. Parent.

Q. Anyone else ?—A. Young.

Q. All right, thank you. Now, then, you want that bank book ?—A. And all those books.

Q. You will get them back when we have got through with them.—A. When.

Q. Just as soon as we get through with them.—A. Well, we will want them.

By Hon. Mr. Cassels:

Q. You will get them all back. Are any of these books in use at present?—A. Yes; that is my ledger.

Q. Do you want it back now ? Will it do any harm to leave it here until tomorrow, if you get it back tomorrow won't that answer your purpose ?—A. No; we may need it this afternoon for our settlements, it is the time to meet the country people.

Mr. Watson.—Well, come back this afternoon at half-past two.—A. This afternoon.

Q. Yes. Leave it here meantime. I want you here this afternoon at half-past two.

Hon. Mr. Cassels.—You can leave the book here till half-past two. In the meantime if it is wanted——

Mr. Watson.—It won't be wanted between now and half-past two. You will have all you can do to get luncheon between now and half-past two.

Archange Racine, sworn.

Mr. Watson.—My lord, Mr. Murphy has just been speaking to me. Of course we will take every precaution that can possibly be done with thorough work to see that these gentlemen are not inconvenienced in their business. We will see to that to our utmost, they may be quite assured of that, all of them.

Hon. Mr. Cassels.—Oh yes.

Mr. Murphy.—Thank you, sir.

By Mr. Watson :

Q. Mr. Racine, do you deal in bricks ?—A. (In French.)

Q. You speak a little English ?—A. Oh. a very few.

Q. Very few. If I went into your place of business to buy some goods I guess you would sell them to me.

(Examination continued in French by Mr. Perron.)

MICHEL THIBIDEAU, sworn,

By Mr. Watson :

Q. You deal in groceries ?—A. Yes.

Q. Did you bring your books ?—A. (In French.)

Q. Wait, please. You have a ledger?—A. I have that at home, but I didn't bring them, I thought to know before what kind of books to bring.

Q. Then there is a ledger ?—A. Yes.

Q. A journal ?—A. Yes.

Q. A cash book ?—A. Yes.

Q. Bank book ?—A. Yes.

Q. Cheque-book?—A. Yes.

Q. Have you a day book besides ?—A. Yes.

Q. That is from the first of January, 1904 to the present time ?—A. Yes.

Q. And letter books ?—A. Yes.

Q. Will you be good enough to have them here ?—A. Yes.

Hon. Mr. CASSELS.—And letters received.

Mr. WATSON.—Q. Yes; letters received in connection with that.—A. Yes, that will be all right.

Q. Then you deal in groceries. Who else is there in that line ?—A. I will bring the clerk with me who keeps the books.

Q. Thank you. Then who is another dealer in groceries ?—A. Who is the other dealer with me, whom I deal with ?

Q. No. Give me the name of another town merchant ?—A. There are a number of merchants in town.

Q. Give the name of a good one besides yourself ?—A. Whitehead & Turner.

Q. That will do, thank you.

J. B. COTE, sworn,

By Mr. Watson :

Q. Mr. Cote, have you got your ledger ?—A. I do not understand English.

Q. Have you got your ledger ?—(No answer.)

(Examination continued in French by Mr. PERRON.

J. E. MARTINEAU sworn.

By Mr. Watson:

Q. You are in the hardware business?—A. Yes, sir.

Q. Did you bring your ledger with you? A. No sir. I did not understand we were obliged to bring it.

Q. Or any other books? A. I have brought no books at all.

Q. You have brought no books? A. No sir.

Q. Then, Mr. Martineau, will you be good enough to have your books here at half-past two o'clock? A. Yes sir.

Q. That is ledgers? A. Yes sir.

Q. Ledgers? A. Yes sir.

Q. Day books? A. Yes sir.

Q. Cash books? A. Well, of course, will you give me the date you want to get, because we have got very many books.

Q. From the first of January, 1904, up to the present time. A. Yes.

Q. That is cash books as well? A. Yes sir.
Q. And bank books as well? A. Yes.
Q. And cheque-books and letter-books? A Yes.
Q. And letters received from the Department? A. Yes.

By Hon. Mr. Cassels:

Q. Or officials in the Department?—A. Yes sir.

By Mr. Watson:

Q. Let me see, your dealings have been quite considerable?—A. Oh yes. Of course we are in business to make business as much as we could.

Q. Of course, that is hardware. Will you give me the name of another good hardware merchant besides your own firm? A. Charles Parent.

Q. I have him already. A. Have you got that?

Q. Yes. Who else? A. William Doyle.

Q. That will do, thank you. At half-past two, if you please?—A. Yes, sir.

CHARLES A. PARENT sworn.

By Mr. Watson:

Q. Mr. Parent, you are in the hardware business? A. Yes sir.

Q. Did you bring your books? A. No sir, I have got a reason for not having brought them. Mr. LeFevre, public accountant, came yesterday to my office and went all through my books.

Q. Who did?—A. Mr. LeFevre; and he found everything so correct and so O. K. that he said there was no necessity to bring those books. That is my reason.

Q. I see; well, he is very kind. A. The amount sold by me to the Department is so little that there was—

Q. Never mind, Mr. Parent? A. It was no $140,000.

Q. Never mind. I see this is in the neighbourhood of $12,000 or $13,000. A. Not at all.

Q. $12,000. A. No sir. You are making a mistake.

Q. Am I? Then it is not my mistake, it is the department's?—A. 1904 to '5, 1905 to '6, 1906 and '7, is that it?.

Q. Yes. Up to the present time the amount is $12,255—A. About that, you are right, perfectly right, sir.

Q. Thank you—A. That is in four years, it is only about $3,000 a year. It is not enough for a man like me. I should have had $100,000.

Q. What about the rest?—A. Oh, the rest? You named one there of $145,000, that has scandalized me, that account.

Q. Never mind, Mr. Parent. Will you be kind enough to get your bookkeeper to bring up the ledger and journal and cash book?—A. Yes. But I must tell you this is the time of year when we are very busy. But if you will promise that you will be through with the ledger to-night I will send the bookkeeper with it this afternoon. It won't be very long to check, you see, it is very short.

Q. I would like you to come with the bookkeeper, if you please—A. I will do it, sir.

Q. Have you had correspondence?—A. No, I never had the pleasure of writing Mr. Gregory; he always called on the 'phone when he wanted anything.

Q. You never got a letter from him?—A. Never.

Q. You never wrote to him?—A. Never wrote to him. I never solicited any orders from him neither. I don't think I did.

Q. Never mind. You will kindly be here—A. I will, sir.

Q Thank you.

JEAN BAPTISTE MORIN sworn.

By Mr. Watson:

Q. Mr. Morin, have you your ledger there?—A. Eh?

Q. Your ledger books?—A. No.

Q. Did you not bring them?—A. No. (Continues answer in French).

Q. Have you got them at the office, are the books at the office?—(Answer in French).

(Examination continued in French by Mr. PERRON.)

Mr. HOLIDAY called but absent.

JOHN HEARN sworn.

By Mr. Watson:

Q. Where is Mr. Holiday, Mr. Hearn?—A. I don't know, sir.

Q. Well, he is alive?—A. Yes sir, I suppose he is alive, I could not swear that he is.

Q. When did you see him last?—I saw him last last Thursday.

Q. Last Thursday?—A. Yes.

Q. Is he away on business or pleasure?—A. That I don't know sir.

Q. Well, are you in the office?—A. No sir.

Q. Well, what have you to do with the business?—A. Nothing whatever.

Q. I beg your pardon, I thought you were connected with the business. You are just giving a little gratuitous information.—A. That is all.

Q. That is very kind of you.

Hon. Mr. Cassels:

Q. What does Mr. Holiday do?—A. I think he is a shipowner, sir.

Mr. WATSON.—I have him marked here, my lord, as chartering vessels, freighting and so on, quite a large account, $45,000.

Q. It was my mistake, Mr. Hearn. I am much obliged to you.

Mr. WATSON.—That is all just at present, my lord. I see it is one o'clock, but I would like very much if your lordship would allow me to state, and if your lordship would perhaps let the crier state to the witnesses as well that they are all required to produce their books here. (To the crier.) Will you tell that to those who are not in this room.

Mr. PERRON.—Tell them to bring all their books as called for by the subpoena. All they have to do is to read their subpoena.

(Adjourned at one p. m. to 2.30 p. m. Resumed at 2.55 p. m).

JAMES J. MURPHY recalled

By Mr. Watson:

Q. Mr. Murphy, have you brought your books with you?—A. Yes, sir.

Q. Will you kindly produce them. (Witness produces books).

Q. In the first place let me see your ledger, please with the account in it of the Marine and Fisheries Department?—A. That is it, you have it in your hand.

Q. Oh, this is the account in sheets?—A. Yes sir.

Q. That is the way the books are kept regularly?—A. Yes sir.

Q. The sheet system. Will you refer to the sheet which is the beginning of the account so that I may have them in order?—A. (Witness arranges sheets).

Q. Thank you. This commences on January first, 1903?—A. Yes sir; but 1904 is down a little ways.

Q. It follows, no doubt. Then it is continuous, as I understand from that date up to the present time?—A. Yes sir.

(Bundle of sheets marked Exhibit 94).

Q. Including 1908?—A. Yes sir.

Q. Then I see for the years 1904 and '5. 1905 and '6 and 1906 and'7, the amount is $43,000. I suppose that is about correct?—A. That is about right, I should think.

Q. This statement which you have shown to me shows the particular goods that were sold and delivered?—A. Yes sir, exactly.

Q. The date of delivery?—A. Yes.

Q. Not the date when you received the goods, but the time you delivered the goods?—A. The time I delivered the goods, sir.

Q. I should judge that, because following that is an entry of a draft, by draft 30 days, by draft 60 days, by draft 90 days, and so on.—A. Yes sir.

Q. Then these goods that you sold for the most part, were lumber?—A. Lumber and contractors' supplies, generally.

Q. Contractor's supplies?—A. And brick and cement.

Q. And brick, I see. Sold for delivery and use at what point?—A. Well, atdifferent points, but delivered to the Quebec Agency.

Q. I see. All delivered at the Quebec Agency here?—A. At the King's Wharf as a rule.

Q. The agent here, then, has a warehouse at the wharf?—A. Yes sir.

Q. And your deliveries were made at that wharf?—A. Yes.

Q. That was the end of it so far as you were concerned?—A. Yes.

Q. I see. Then they were for use where and for what purpose usually?—A. Well, for construction generally, the use of lighthouses and the use of wharves, for the building of wharves rather.

Q. Building of lighthouses and wharves ?—A. Yes.

Q. Any other purpose ?—A. Not that I know of, sir.

Q. Then for lighthouses, do you know the head of that department, the Lighthouse Department ?—A. Well——

Q. J. F. Fraser ?—A. I do not know him personally.

Q. From whom did you receive the orders ?—A. From Mr. Gregory, the agent in Quebec.

Q. Personally from him ?—A. Yes, sir.

Q. Was that usually in writing or verbal ?—A. Well, sometimes in writing and sometimes by telephone.

Q. Sometimes by telephone, I see. Did you have a regular printed or typewritten list of prices ?—A. No, sir.

Q. Nothing of that kind?—A. No, sir.

Q. Do you sell by retail ?—A. Yes, sir, sometimes.

Q. For the most part ?—A. No, sir. For the most part, wholesale.

Q. For the most part whole. Sometimes retail.—A. Sometimes retail, yes, sir.

Q. Your orders, as I take it then, were received in that way, that you have spoken of, by telephone or by letter?—A. By telephone or by regular order on the regular form, an order which the Marine Department had. Of course usually a telephone message was followed up by a regular order.

Q. Not, however, the result of tender ?—A. No, sir, not as a rule.

Q. That did not occur in your business?—A. Well, sir, on one occasion there was a tender, where a tender was sent for cement, but I did not tender.

Q. You did not tender. You did not like that ?—A. No, sir.

Q. I see. So that the system was not one that involved competition so far as you were personally aware.—A. Well, I think there was competition. There were others in the business. Personally I had no knowledge of it.

Q. But you had no personal knowledge ?—A. No, sir.

Q. No personal knowledge of any competition. You would receive a telephone message, saying, for instance, that a certain quantity of goods were required for delivery at a particular time ?—A. Yes, sir.

Q. That would be the whole communication, would it ?—A. Yes, sir.

Q. Trusting to you as to the prices ?—A. Yes.

Q. No definite arrangement made as to the prices at the time the order was given ?—A. No, not usually.

Q. Not usually.—A. But sometimes Mr. Gregory would ask what my price was for certain material, and I would give it to him.

Q. But that was not the usual course, you say ?—A. Very, very often it was.

Q. Very often it was ?—A. Yes. But of course he would assume when I deliver certain goods, when he wanted any of the same material he would naturally assume the price would be the same.

Q. So that would follow on prices fixed perhaps the preceding year ?—A. Exactly.

Q. Or the year before that ?—A. Yes.

Q. Then in your lines in Quebec I understand there is very considerable competition ?—A. Yes.

Q. Yes, very considerable competition. How many other houses are there in the same lines, about a dozen ?—A. I think so.

Q. Good, reputable, strong houses ?—A. Yes.

Q. And all seeking business and trade ?—A. Naturally.

Q. So that that was the course that was pursued by you ?—A. Yes, sir.

Q. Then the sales to the department usually, as I understand, are for cash—I mean by cash 30 days or perhaps 60 days ?—A. Well, not always, sir. Sometimes it took the government a long time to pay.

Q. But I mean to say usually so, it is considered practically a cash sale ?—A. Yes, it is considered so.

Q. The department is one of the best and most desirable customers, is it not ?—A. Yes, sir.

Q. So that in trade the patronage of the department is coveted, it is desirable ?—A. Naturally; no chance of bad debt.

Q. No possible chance of bad debt, quite so. Something of a favour, perhaps, to get orders from the department, it belongs to the privileged few?—A. A good deal in that, is there not?—A. Quite a lot.

Q. Quite a lot I see. No doubt you were on the list?—A. I think I must be, sir.

Q. Yes. Well, then, that being so the first thing that attracts my attention in this statement, Mr. Murphy, is 'By draft——' did you draw upon the department at Ottawa for the amount?—A. No sir, I drew upon Mr. Gregory.

Q. What?—A. I drew upon Mr. Gregory.

Q. You drew upon Mr. Gregory?—A. Yes sir.

Q. But, Mr. Murphy, you did not sell the goods to Mr. Gregory?—A. No sir, but I made a draft upon him and his draft was quite easily discounted at any bank.

Q. You made a draft upon Mr. Gregory?—A. Yes sir.

Q. Well, well, that surprises me. Are you sure there is not any mistake about that?—A. No sir.

Q. Has that been the system pursiued by you?—A. Yes, sir, that is the system that has been pursued.

Q. For how long?—A. Well, I think the last four or five years.

Q. Did it prevail before that time?—A. No sir, not with me.

Q. Not until then?—A. No sir.

Q. Who first suggested that—Mr. Gregory?—A. Yes sir.

Q. Mr. Gregory suggested that you should draw upon him?—A. Well, he suggested that I would naturally supplying large quantities of material to the department that I had to pay for this material and I wanted my money.

Q. Well, you know you had a most undoubted customer, you knew your money was good?—A. Yes, but it would take a long time for the money to get back.

Q. Yes. But we have already had considerable evidence before his lordship about that. The usual period of credit, as I understand, is from 30 to 90 days, that is putting the limits fairly is it not?—A. Yes, but I would get the money right away, sir, practically within a couple of days.

Q. But we have heard throughout 30 days is always in trade, considered as cash?—A. Yes.

Q. Yes, 30 days is a cash transaction—in fact 60 days is practically cash?—A. No sir, I would not consider it.

Q. Well, 30 days is cash. At all events you are, if I may be pardoned for using the expression, mighty well pleased to get the orders even at 60 days or 90 days are you not?—A. Yes.

Q. You would not refuse an order from the department because you would have to wait 60 or 90 days?—A. No sir, not by any means.

Q. No, I do not suppose anybody could be found who would. Then you say that Mr. Gregory suggested to you that you might like to have the cash at once?—A. Yes, sir.

Q. And, following upon that suggested a draft upon himself?—A. Yes, he said he would accept my draft.

Q. He would accept your draft. Then did he tell you that he was authorized by the Minister of Marine and Fisheries to take that course?—A. No sir.

Q. Eh?—A. No sir. He said that the Department of Marine and Fisheries was not at all responsible for any of his private business.

Q. Was not at all responsible?—A. For his private business. He looked upon it.

Q. But just wait, Mr. Murphy, please. Mr. Gregory was the man who in his departmental post gave the order for the goods?—A. Yes sir.

Q. You knew that he did that in his capacity as agent for the department?—A. Yes sir.

Q. As agent for the department purely in his official capacity?—A. Yes, sir.

Q. Now you are a firm of reasonably strong financial standing?—A. Yes sir.

Q. It is not a matter of business necessity with your house that you should have spot cash?—A. Not always, sir, although it is very convenient.

Q. I mean to say you have your banking financial credit, like a house of your standing usually has?—A. Yes.

Q. Quite so. You are always able, no doubt to get what accommodation you may require in the regulaar way through your banks?—A. Yes.

Q. Quite so. I wanted to be just sure of that. Now then, Mr. Murphy, that appears to me a very astonishing fact that that draft should have been put in by you upon Mr. Gregory and accepted by him. What did you pay Mr. Gregory for that?—A. I paid Mr. Gregory 5 per cent.

Q. 5 per cent, 5 per cent on what?—A. Well, on the face value of the note.

Q. On the face value of the draft ?—A. Of the draft, yes.

Q. You do that regularly ?—A. I did it.

Q. You did it ?—A. Yes, sir.

Q. I mean to say do you do that on every draft ?—A. Yes, sir.

Q. On every draft ?—A. Yes.

Q. You pay Mr. Gregory, the agent of the department, 5 per cent ?—A. I paid Mr. Gregory personally.

Q. Well, you knew he was the agent of the department ?—A. Yes, sir.

Q. You paid him 5 per cent on all orders received by you during the last 4 or 5 years ? Is that so ?—A. Practically.

Q. Why, that amounts during the 3 years, as I have pointed out, to nearly $45,000.

Hon. Mr. Cassels.—What did you say, $45,000 ?

Mr. WATSON.—Yes, my lord, during the three years. That does not include all of it, that is 1904 and 1905, 1905 and 1906, and 1906 and 1907.—A. I would not be positive it is five years, but I should say four or five.

Q. That is what you said before, Mr. Murphy, between 4 and 5 years you have paid him 5 per cent on practically $45,000. How did you pay him?—A. By cheque.

Q. Whose cheque?—A. My cheque.

Q. You have not a partner, I understand?—A. No, sir.

Q. The business is your own, J. J. Murphy?—A. Yes, sir.

Q. Did you charge that up in the account? I do not see an entry of that in this account?—A. No, sir.

Q. What?—A. No, sir.

Q. You did not. How did you make the entry of those cheques?—A. I charged it to my personal account.

Q. Will you let me see that account, please?—A. It will be here in a few minutes.

Q. Did you send for it?—A. Yes, I have sent for it.

Q. Do you mean you opened up a personal account or a special account for yourself?—A. No, sir. It was just charged in my business.

Q. Just in your own business?—A. Exactly.

Q. That is, you have a personal account as distinguished from a business account?—A. Yes, sir.

Q. And that shows all your drawings from the business?—A. Yes, sir.

Q. And you gave him a cheque for the 5 per cent on each occasion?—A. Yes, sir.

Q. And charged that up as a business expense?—A. As a private expense.

Q. A private expense?

Hon. Mr. CASSELS.—In his personal account.

WITNESS.—Personal account, exactly.

Q. You are the only member of the firm, Mr. Murphy?—A. Yes, sir.

By Mr. Watson:.

Q. Now, I see along with these accounts you have furnished that statement has been handed to me for 1904. You have, I find, amongst the papers here, a statement commencing the first of February, 1904, under the head of cash payments?—A. Yes sir.

Q. Showing the amount of each payment. and up to December 28th, 1904, the amount is $1,248.33. Is that correct?—A. Yes, sir, if that is right.

Q. The addition was by someone else?—A. No, I made the addition hurriedly, it has not been checked.

Q. You think this is correct?—A. I think so.

Q. That $1,248 then, as I understand, represents the amount that you paid to Mr. Gregory during the year 1904?—A. Yes, sir.

Q. $1,248.—A. Roughly 5 per cent on $25,000.

Q. That is more than half his salary, $2,200. $1,248 during that year. Are these dates and amounts accurate?—A. Yes, sir.

Q. Taken from your cash book?—A. They were taken by my bookkeeper.

Q. They were taken by your bookkeeper from that same account. And then in the year 1905, commencing February 7, we have the sums of $858.37?—A. Yes sir.

Q. Represented in the same way?—A. The same way, sir.

Q. The same thing. And then in 1905 we have an amount of $803.46.—A. Yes, sir.

Q. Is that correct?—A. Correct, sir.

Q. And 1907, $607.30.—A. Yes, sir.

Q. And 1908, March and February, perhaps that should be January and February, March comes before February in this, it does not usually in the calendar—$286.58.—A. May I look at that, sir?

Q. Yes (handing paper to witness). —A. I might say, Mr. Watson that that item of $224.70, March 27th, 1908, is a balance which I owed Mr. Gregory.

Q. Just wait, please, wait a moment. Just let me hear again what that answer was.—A. This item of $224.70, March 27th, 1908, that is a balance when the squaring up the account took place I owed Mr. Gregory, he claimed I owed him that amount.

By Hon. Mr. Cassels:

Q. That is 5 per cent on the previous year?—A. Yes, my lord.

By Mr. Watson:

Q. I see. On March 27th, 1908, you gave him a cheque for $224.70.—A. Yes, sir. Mr. Gregory claimed that I owed him that amount, that is that I had been overpaid that amount.

Q. He claimed that you owed him that amount?

Hon. Mr. Cassels.—He says the 5 per cent he paid to Mr. Gregory was found on taking the account short by that amount, and he paid it up.

By Mr. Watson:

Q. That is right?—A. That is right.

Q. That is the balance of the 5 per cent?—A. Yes.

Q. Then he had been underpaid on commissions?—A. That amount.

Q. That amount, I see. So that you seem to have been a pretty easy mark, Mr. Murphy.

Hon. Mr. Cassels.—You have not seen what he got.

Mr. Watson.—That is right. You seem to be a very generous business man. I do not expect you would do that with every one that wants a little commission?—A. Not if I can help it.

Q. Not if you can help it?—A. No.

Q. I see. There is a condition of affairs or things that demanded it, that is what it means, is it?—A. In some cases.

Q. In some cases. You mean it is a pure matter of business?—A. Exactly, sir.

Q. I see, a pure matter of business. In other words, I understand now that what you mean, in fact what you say, is that you pay this commission in order to get the trade.—A. Well, in order to get the money besides, sir.

Q. Yes; but in order to get the orders, the trade?—A. I did not think paying the commission would do any hurt.

Q. It would not hurt, I see. And you had in your mind, evidently, that unless you paid the commissions you might not get the orders, is not that so?—A. I don't know if I am supposed to say what I had in my mind.

Q. That is what I wish to know.

Hon. Mr. Cassels.—I do not think the witness is bound to answer what he had in his mind.

Mr. Watson.—I want to know the reason for his doing so.

Hon. Mr. Cassels.—There is an inference in every man's mind.

Mr. Watson.—Of course; but that inference is reasonably clear, the inference is one that would arise in the ordinary course of business transactions, that should arise.

Hon. Mr. Cassels.—You might ask this witness this. As I understand it, his course of dealing commenced within the last four or five years, and it emanated, according to his evidence, from Mr. Gregory. Perhaps something was said then why commission should be paid—I do not know.

Mr. Watson.—Yes.

Q. At that time you knew that Mr. Gregory had to do with the giving of the orders?—A. Yes, sir.

Q. Yes, that is right, that that depended on his discretion?—A. Yes, sir.

Q. The giving of the orders depended on his discretion?—A. Yes, sir.

Q. And you know that his discretion would be much more likely to be exercised in your favour if you gave him a commission: is that not so, plain and straight?—A. Yes, sir.

Q. Yes; plain and straight, that is the fact.

By Hon. Mr. Cassels:

Q. What I would like to know is, did he stipulate for it at the time when he said he would cash your draft?—A. He asked, my lord, if it would not suit me better to have the money immediately, instead of waiting two or three months, and he said he would accept my draft at 60 days, which I immediately discounted.

By Mr. Watson:

Q. He would accept them at 60 days. Then, at that same time was the question of further orders referred to?—A. No sir.

Q. Eh?—A. Not to my recollection. Mr. Gregory told me on several occasions, 'I want you to understand that the fact of me accepting your draft has nothing to do with any further business.'

Q. He said so?—A. Yes.

Q. And you took that how, with a grain of salt? Well, that produces a smile at least, I see. So that the total amount of these orders—I am just going to add them up—of these commissions was $3,803.95. You paid Mr. Gregory that in commissions since the first of January, 1904?—A. If that total is correct.

Hon Mr. CASSELS.—What is the amount?

Mr. WATSON.—I make it $3,803.95.

Hon. Mr. CASSELS.—With the total sales of $45,000?

Mr. WATSON.—I am taking the commissions.

Hon. Mr. CASSELS.—Yes; but it is 5 per cent on the total sales.

Mr WATSON.—I had that in mind, my lord. At the same time I am dealing now with the cheques.

Hon. Mr. CASSELS.—The figures, as I put them down, of the total sales amounted to $45,000.

Mr. WATSON.—$43,429.28.

Hon Mr. CASSELS.—5 per cent on that would not be anything like that amount. it would be about $2,200.

Mr. PERRON.—It is a little more, a little over. No, it is $2,121. I find on calculation.

By Mr. Watson:

Q. You seem to have paid in more than 5 per cent.—A. There may have been some occasions when I went to Mr. Gregory and asked him to accept a draft for $1,500 or $2,000.

Q. Perhaps the year—I have here in the statement showing $43,000, I think that commences at the beginning of the fiscal year, that is June or July.

Hon. Mr. CASSELS.—It is only three years according to his statement.

Mr. WATSON.—Yes, my lord. I think the 1904 statement commences with the fiscal year of the department, of the government, and that would be either the first of June or by the first of July—I think it is perhaps the first of July.

Q. Well, that is a very large amount, Mr.——

Hon. Mr. CASSELS.—What is it you want, senator?

Senator CHOQUETTE.—I just want to ask Mr. Watson to put him a question, if he had an account against the government, it was a favour to pay some other draft.

By Mr. Watson:

Q. That is all right. You are not either blind or deaf or dumb as a business man?—A. No.

Q. This is not child's play at all?—A. No, sir.

Q. You are not a man that gives away money in your business?—Not if I can help it sir.

Q. No. Have you got any other cases in your mind, other than Mr. Gregory's, where you have paid commissions like this?—A. No sir.

Q. In all your transactions in business. Would you mind saying what your turn-over is? You are not obliged to, if you have any objection?—A. Some years $100,000, $120,000 to $125,000.

Q. I see, your regular turn-over. Now then, this raises the further question, Mr. Murphy, who else has been remembered by you, if I may use that expression?—A. In what way, Mr. Watson?

Q. Payments of money to officers or employees of the department?—A. Well, there may have been small amounts paid occasionally, too, that is to foremen and one thing and the other.

Q. Small amounts paid to foremen?—In the way of gratuity to keep them in good humour.

Q. I see, to keep them in good humour, that is in this branch, of course?—A. Yes sir.

Q. And who is it that it is required too keep in good humour that way? Mention the name of any person—A. Well, I would say the men who received the material and the men who required the material, that is in their own particular branch of the service.

Q. Men who received the material, I see—A. And the men who give the orders.

Hon. Mr. CASSELS.—Were you getting retail prices for these goods?

Mr. WATSON.—I am coming to that my lord.

WITNESS.—Usually, my lord.

Mr. WATSON.—Usually, retail prices. I am coming to that, my lord. Your lordship anticipates it. I want to exhaust first, if you please, as to these other payments to keep in good humour. That means, speaking as people may speak sometimes, out of court, a little grease off and on?—A. Exactly, sir.

Q. Oiling the machine, I see. And to whom were these payments made, what are the names of the persons?—A. Am I obliged to answer that?

Q. Yes, if they are in the Department, distinctly so. —A. Well, the only one I have record of is a man named Gagne, and the others—

Q. You have a record of payments to him?—A. Yes sir.

Q. And how much did you pay to him?—A. From 1904, from January 1904 to July, 1908, $645.

Q. What?—A. $645.

Q. $645?—A. Yes sir.

Q. To Mr. Gagne, $645. And what was his position? I will have that statement that I referred to marked as an exhibit.

Statement of Witness' personal account marked as Exhibit 95.

Q. $645 to Mr. Gagne. What was his position?—A. He was foreman of the store, I think.

Q. Foreman of what?—A. Foreman of the wharf of the Marine Department.

Q. Here at Quebec, foreman of the wharf. What did he have to do with the goods, measure them?—A. Well, I suppose he did in some cases.

Q. I see. He had to report the quantities and qualities—A. Yes. Whether he reported on quality or not I don't know, if any material was delivered that was not up to quality.

Q. It would rest with him?—A. I should think so.

Q. It would rest with him to condemn it if it was not up to quality. I suppose that was the reason for paying him, the plain straight fact—A. As I said before, to keep him in good humour.

Q. I see. And I suppose you did not have many objections then to quantity or quality—do you ever remember one?—A. Well, I cannot specify any.

Q. No?—A. But they were not numerous.

Q. They were not numerous—in fact you cannot specify any occasions of objections either to quantity or quality—A. Not any specific occasions.

Q. No, not any specific occasions. And the orders were supposed to be for special qualities or ordinary qualities—A. Well, in some cases first-class.

Q. Sometimes—A. Sometimes seconds, sometimes thirds.

Q. So it may depend somewhat on the inspection whether it passes. We have heard of these lumber inspectors and inspectors of material, some of them are very exacting, very severe, and some are not so much so—A. Quite so, sir.

Q. That is it, it depends on the individual; and therefore in your business the business reason for keeping them in good humour—A. Yes, sir.

Q. That is the fact, $645, did you get receipts from him?—A. No sir.

Q. Eh?—A. No sir.

Q. Did you get receipts from Mr. Gregory?—A. No sir.

Q. Did you ever write to Mr. Gregory any letters about these commissions?—A. No sir, not that I know of.

Q. Did you ever have a letter from him about them?—A. I never had a letter from him about them. I think I did write a letter, which I have not a copy of, I took no copy off at the time, up in Mr. Gregory's office. That would be in connection with this five per cent.

Q. When did you write him that letter do you remember ?—A. No sir—within the last four or five years.

Mr. WATSON.—I would ask my learned friend, Choquette, if he has the letter.

Senator CHOQUETTE.—I have several of them.

Mr. WATSON.—Have you got them here ?

Mr. GREGORY.—I will have them in a moment, I have sent for them.

Mr. WATSON.—All right.

Q. So that was the course of events, and you never made a kick ?—A. No, sir.

Q. And the orders continued ?—A. Yes, sir.

Q. You did not even make a kick on the last occasion for the $247 ?—A. Yes, I did.

Q. Well, I was just wondering. There was a kick at that time. How hard did you kick then ?—A. I kicked for about 20 minutes, sir.

Q. Rubbing it in too hard was it ?—A. Yes.

Q. And what did you say?—A. Well, I said I could not see how I owed him that, and he showed me by his books that I did.

Q. I see. This represented the balance of the 5 per cent ?—A. Yes.

Q. But you usually paid cash on delivery ?—A. Yes.

Q. That is when you got a draft you gave a cheque at once ?—A. Yes.

Q. I thought so?—A. But this come by some process of bookkeeping. Of course it may have come with reducing some of my accounts, that is the accounts may have come back from Ottawa not approved.

Q. That would make the balance in your favour, my dear sir, not in his favour. —A. That is what I claimed, sir.

Q. What did he say ?—A. He said, 'No, here are my books, that is what they show.'

Q. And you thought it better to fall in ?—A. I thought it just as well.

Q. Now will you look at that personal account. I just want to see whether you are quite sure. Let me see the class of items in it?—A. A lot of these items are private.

Q. I know. We do not want to inquire into those private items. How are they distinguished.—A. J.U.G.

By Hon. Mr. Cassels:

Q. Mr. Gregory's initials.—A. His initials.

By Mr. Watson :

Q. Oh yes. I see the initials appear in each case.—A. Yes.

Q. To cash J. U G. And that is the only entry on the books, is it ?—A. Except the stub cheque book.

Q. You have the cheques ?—A. Except the stub cheque book.

Q. There is no possible doubt about payment ?—A. None whatever.

By Hon. Mr. Cassels:.

Q. Have you the cheques here ?—A. Yes, my lord. Not the original cheques; I have the stubs of the cheques.

Mr. WATSON.—Let us see. We will have that marked and then hand it back to you.

Personal account of Witness from ledger marked as Exhibit 96.

Q. Let us see the stubs.—A. (Witness produces same.)

Q. Just one or two for illustration so that we may have the evidence of it.—A. If you could give me a date for that amount, Mr. Watson, I would find it more quickly.

Mr. WATSON.—Yes, I can.

Q. What year have you got there before you ?—A. 1907.

Q. 1907, January 15, April 18, 30,—A. Have you got any in September or November ?

Q. No. There is August 23, $100.—A. This cheque book begins in September. I will get the previous one.

Q. August 23, 1907, $100.—A. (Witness produces another cheque book.)

Q. You have one instance of it there.—A. That is in shorthand. That means 'draft four.'

Q. I see, you put it in August 23, that is the same date, August 23, 'Pay to bearer, J.U.G. 5 per cent, $2,000, $100.'—A. Yes, sir.

Q. I see. That is the way you put them through.—A. Yes, they were all put through in that way.

Stub cheque book marked Exhibit 97.

Q. Then, Mr. Gagne, $645, how did that come about, did he make any suggestion?—A. No, sir, not to myself.

Q. Not to yourself. Then how did this suggestion come to your knowledge, through whom?—A. I think he mentioned it to one of my employees, sir.

Q. What was the name of the person?—A. McNeil.

Q. Is he with you yet?—A. He is, sir, but he is not in town.

Q. Then you heard it from Mr. McNeil?—A. Yes.

Q. What did you hear from him?—A. I don't remember exactly.

Q. The substance of it?—A. The substance of it was that it would be better if there was something coming his way.

Q. I see, better if something came his way. And you took the mild suggestion? —A. Yes, sir.

Q. And from that time on saw that something went his way. And how did you get it into his way?—A. Well, on a few occasions I gave it to him.

Q. Did you?—A. And McNeil, I think gave it to him on other occasions.

Q. Well, these were not Christmas gifts. I see March and June, August and September, but I do not see anything on the 24th or 25th of December. What did you say when you gave it to him—A. Just put it into his hands and said nothing.

Q. Cash or cheque?—A. Cash.

Q. You put it into his hand and said nothing. Hand out behind I have heard of.—A. No, it was done in front.

Q. I see, it was right in front, and that is the way it occurred.—A. Yes, sir.

Q. What did he say when you gave it to him?—A. Thank you.

Q. A case of mutual thanks, then?—A. Perhaps so.

Q. I see. You thanked him before or afterwards, I suppose?—A. No, I didn't thank him at all.

Q. Then give me another name, please, that had to be oiled.—A. I don't know any other name, Mr. Watson, although I think on one or two occasions there may

have been $5 or $10 given to some other employee on the wharf. Who it is I really cannot tell.

Q. You cannot tell. Have you got any entries in the book?—A. No, sir. It was just taken out of my pocket.

Q. I see. Not at any special season, Christmas, for instance?—A. No.

Q. Just done in the same way as this was done?—A. Yes, sir.

Q. For the same purpose?—A. Yes, sir, practically.

Q. The same reasons for it?—A. Yes, sir.

Q. Then it is rather important, perhaps, that you should try and refresh your recollection, Mr. Murphy, to give the name, because it is possible there may be a dozen men there, and if you do not give the name of this particular one, the whole dozen may be under suspicion.—A. I cannot really recollect the name. I know it was a carpenter up there.

By Mr. Perron:

Q. Turgeon?—A. It may have been, I don't know.

By Mr. Watson:

Q. Another one?—A. That is the only one.

Q. And then, did you sometimes intrust cash to Mr. McNeil?—A. Yes.

Q. So that he gave the other sums, did he?—A. Well, I know that is what I say, it may have been $5 or $10.

Q. Given by you or McNeil?—A. Given by me to McNeil to give to those parties.

Q. Oh, I see. What entries did you make in your books of those Gagne disbursements?—A. Exactly the same kind as the others.

Q. Charged to your personal account with his initials against it?—A. Yes, his initials or usually his name in shorthand, I can show you.

Q. Perhaps the names of them might appear in the account—A. There is one right there, $10.

Q. Yes, $10, that is cash. And what is that cypher?—A. That is Louis Gagne.

Q. So that you marked the man each time?—A. Yes sir.

Q. Was this just before or just after you made a shipment, that you made these payments usually?—A. Well, I cannot say exactly, it might have been during the time that—

Q. Just before or just after the measurement of quantity and inspection of quality—A. I never took that into consideration.

Q. I see, you did not put the two and two together closely.—A. No, I took it in a general way.

Q. It was not applied to any particular delivery?—A. Except in one instance, that last item of $150 in that statement you have.

Q. I notice that is a pretty large one?—A. That is for one particular delivery.

Q. I see. That was a pretty large amount?—A. Yes.

Q. Pretty bad quality that time?—A. No, the quantity was the question.

Q. The quantity. There must have been something extraordinary about it. You got paid in full according to that account rendered?—A. There must have been a good margin in that particular item.

Q. I should say so. Of course, Mr. Murphy, these are serious matters, you quite appreciate that?

Mr. WATSON—(to Senator CHOQUETTE).—I would like if you would give me the letters during the examination.

Senator CHOQUETTE.—No. If you wish to adjourn to to-morrow you can look over the letters.

Mr. WATSON.—Thank you. I proceed.

Q. Then that $150 you have spoken of as being a special item. We will have that marked. That was July 8. It does not give the year. Is that this last year, 1907 or was it this year?—A. No sir, it was 1907.

Q. What was delivered at that time, lumber?—A. Lumber, sir,

(Payments to Gagne marked Exhibit 98.)

Q. Now, you sold to the department at retail prices?—A. Yes.

Q. Always at retail prices?—A. Usually.

Q. But you are a wholesaler?—A. I always try to get the most I can.

Q. For yourself, evidently so. I suppose that is the way with most business men?—A. I suppose so.

Q. Then your business chiefly is wholesale. I understood you to say?—A. Yes.

Q. And you are generally known in the city, in fact everywhere, as being a wholesale dealer?—A. In the lumber business.

Q. In the lumber business as a wholesale dealer. And the majority of your sales are by wholesale?—A. Yes sir.

Q. Then the department would know and Mr. Gregory would know that you are a wholesale man?—A. Yes.

Q. Did he not ask you to sell to him at wholesale prices?—A. He never mentioned wholesale prices. He asked a price.

Q. Never mentioned wholesale prices, I see?—A. I never told him whether retail or wholesale prices.

Q. What is the difference between the wholesale and the retail?—A. Well, the difference should be about 10 per cent.

By Hon. Mr. Cassels:

Q. How much?—A. 10 per cent, my lord.

By Mr. Watson:

Q. Then, as I understand, retail prices vary?—A. Yes sir.

Q. They go up and down, depending somewhat occasionally upon how much you can get?—A. Yes.

Q. So that there was no regular fixed retail price with you?—A. No.

Q. If a man comes along and he is an easy buyer he may have to pay more than a man who is a very close buyer?—A. Yes, quite so, sir.

Q. That is it, I see. It depends altogether on whether the man knows his business and makes a close bargain?—A. Yes.

Q. And I take it from what you said that you found the department a very easy buyer?—A. Yes.

Q. In fact you got from the department how much more than you get from other retail purchasers, 25 per cent?—A. Oh no.

Q. Now then, Mr. Murphy, just try and think, will you say it was less than 25 per cent that you got in excess of your retail prices from the department?—A. In excess of my retail prices?

Q. In excess of your closest retail prices?—A. Well, in some cases, but not in all.

Q. In some cases you got as much as 25 per cent?—A. But not in all cases.

Q. In excess of your closest retail prices?—A. Yes.

Q. That would apply, would it not, to three-fourths of the sales?—A. No sir.

Q. Try and think?—A. No.

Q. Two-thirds of the sales?—A. No, I would not say more than 25 per cent, sir.

Q. Eh?—A. I would not say more than 25 per cent, sir.

Q. Would not say more than 25 per cent?—A. No sir.

Q. That is in 25 per cent of the sales yoyu got from Mr. Gregory 25 per cent in excess of price over the closest retail sales?—A. Whenever I could, yes.

Q. And in 25 per cent you got that?—A. But I did not get it in all cases.

Hon. Mr. Cassels.—Did you get paid for lumber you did not deliver?—A. No, my lord.

Mr. Watson.—Of course I would not like to suggest that.

Hon. Mr. Cassels.—Well, I wanted to know.

Mr. Watson.—Of course, my lord.

Q. Of course, you would not steal?—A. No.

Q. Then that applies to the 25 per cent. Then say for the next 50 per cent would the average be 20 per cent over and above the closest retail prices?—A. No, sir, not by any means.

Q. Not as much as that?—A. In some cases we just got the regular market price.

Q. The regular what?—A. The regular market price.

Q. In some cases?—A. In some cases.

Q. Is it not a clear settled fact, Mr. Murphy, that taking the whole average—just listen to what I say now—that taking the whole average you got not less than 15 per cent over your close retail prices on the whole average?—A. No sir. On the whole average I would say 10 per cent, not exceeding.

Q. That is just an estimate, is it?—A. Yes sir.

Q. That you got from Mr. Gregory 10 per cent on the whole average over and above——

Hon. Mr. CASSELS.—Not quite 10. He allowed Mr. Gregory 5 per cent.

By Mr. Watson:

Q. You allowed him 5 per cent, and what is the reason you allowed him 5 per cent?—A. What reason, Mr. Watson?

Q. Because you got an extra price, that had to do with that?—A. Naturally, as a business man, I added on the 5 per cent to the cost of the goods.

Q. Oh yes.

Hon. Mr. CASSELS.—According to his evidence he got 20 per cent, 10 per cent being the difference between the retail price and what he charged.

Mr. WATSON.—Oh yes.

Q. And you say naturally the 5 per cent you paid to Mr. Gregory you added on to the price?—A. I considered it should be added to the price.

Q. You were making the government pay the commission then?—A. I don't see that.

Q. You don't see that, I see. Perhaps you will try and think it out and see what logical conclusion you reach from the premises. It looks very much like it. Well then, on what class of goods did you get the largest rake-off, so to speak, the largest price?—A. Well, it would be very difficult to specify any case. Sometimes there would be a good profit on lumber, other times a good profit on cement.

Q. Lumber and cement were the two chief items?—A. Yes.

Q. So that there are business houses here that Mr. Gregory could have gone to as a close buyer and made this saving?—A. Well, I would not be prepared to say that.

Q. Well, you yourself would have sold at these lower prices if you could not have got any more?—A. Yes.

Q. Well, that is just the same thing. And on what occasions, if any, did Mr. Gregory object to these large prices that were being paid to you?—A. Well, I know he did sometimes, sometimes he did remark that the prices were too high. I said 'No.' Very often as regards lumber he would say, 'The prices are too high for this. I can buy this from so and so. 'I would answer "Your order calls for first and second quality. If you like I will give you material of that class at the price you want."'

Q. And then in connection with that what was said about the 5 per cent?—A. Well, nothing was said about the 5 per cent, sir, at all. That was understood.

Q. You knew he could not hold you down to price, of course?—A. He could not give me the orders,—it was up to him to give me the orders or not sir.

Q. Yes. But having paid him a commission you knew he could not hold you down to price as a business man?—A. I would not say that, sir.

Q. You would not say that, I see. You do not require to borrow money?—A. Sometimes I do.

Q. I mean to say you do not go about borrowing from individual lenders?—A. No.

Q. That is not your business at all?—A. No.

Q. In your business and in your financial position, you would not think of going to Brown, Smith or Jones?—A. No sir. I would go to my bankers.

Q. Of course; in your ordinary way you do not go to brokers to borrow money from them, to borrow money or cash your cheques or drafts?—A. No sir.

Q. You never did such?—A. No.

Q. Of course it would ruin a man's credit?—A. Yes.

Q. Quite so. And therefore was there ever any form gone through in writing to try and cover up the character of the transaction?—A. Not that I can recollect.

Q. Eh?—A. Not that I can recollect.

Q. Ever any kind of letter written that might be said to be an explanation or cover of it?—A. As I said before, sir, I did write a letter, perhaps two, in Mr. Gregory's office at his dictation, but I have not a copy of them.

Q. At his dictation, I see.

Hon. Mr. CASSELS.—When was that written?

By Mr. Watson:

Q. Yes, when was that?—A. Four or five years ago. No doubt Mr. Gregory has copies of them.

Q. Yes four or five years ago, and that was at his dictation, he simply said 'You sit down and write such a letter.' I sat down and gave him that letter.

Q. Write such a letter. That was to be taken as the reason for the 5 per cent commission, was it?—A. Yes it was.

Q. Of course that was just a cover, was it, plain and straight?—A. Well, perhaps it was.

Q. Of course, everyone would realize that was just a cover. Then, did you ever have any talk with Mr. Gregory about the receipt from others of similar commissions?—A. Receipt from others?

Q. Of similar commissions, of others paying him?—A. No sir.

Q. Was that ever mentioned?—A. I don't think so, not that I can recollect.

Q. You did not know you were one of a class?—A. I assume there were others besides myself. I did not know if there were, or not.

Q. You did not get it from him in so many words?—A. No, I had no interest in others.

Q. Of course you have enough to do to mind your own business?—A. Yes.

Q. Now then, who else got a share of the 5 per cent that you paid for Mr. Gregory?—A. I don't know sir.

Q. What?—A. I don't know. How do you mean, who got a share of it?

Q. Of the 5 per cent, who divided it up with Mr. Gregory?—A. I don't know, sir.

Q. Who got a share out of it?—A. I gave Mr. Gregory 5 per cent, that is all I knew about it.

Q. What was said about the claims of some others?—A. Nothing.

Q. Eh?—A. The claims of some others?

Q. To participate in the 5 per cent?—A. Nothing.

Q. Did any of it go to Ottawa?—A. I don't know, sir, not that I know of.

Q. Have you personal knowledge?—A. To my personal knowledge, no. After I gave it to Mr. Gregory it was not any of my business where it went.

Q. You were through with it?—A. I was through with it.

Q. But what I want to know is, what conversation, if any, took place between you and Mr. Gregory about that, because on the one occasion particularly you kicked for twenty minutes?—A. That was in the end, near the winding up.

Q. I know, but still you were not losing orders?—A. That may have been an error of bookkeeping.

Q. I want to know what, if anything, then occurred, or what was said as to the claims of others to participate?—A. Nothing, sir.

Q. So you have no personal knowledge?—A. None whatever.

Q. You cannot give any assistance on that point?—A. No, none whatever.

Q. Then did you report to the minister of the department that you were paying 5 per cent?—A. No sir. I did not consider it any of the minister's affairs.

Q. None of the minister's affairs. Did you tell the minister or write to him that you were doing this to get spot cash?—A. No sir.

Q. I see. And that you were paying Mr. Gregory this 6 per cent commission?—A. No sir. That was a business transaction between Mr. Gregory and myself.

Q. Did you tell any one else that is in the department?—A. No sir.

Q. The deputy minister?—A. No sir.

Q. Were any inquiries ever made about it?—A. Well, there may have been some intimations sometimes from different parties but they got no satisfaction from me.

Q. They got no satisfaction from you, I see. That is intimations from people in official positions?—A. Well, not in high official positions, but people connected with the department.

Q. As for instance Mr. ——— what was his name again?—A. Which do you mean?

Q. The one you have now in mind you mentioned about?—A. Am I obliged to answer?

Q. Yes, if you please?—A. Well, on one occasion coming from Montreal by the night train, sitting in the smoking room Captain Koenig came in, and Captain Koenig said: 'Mr. Murphy, how is it you don't get paid for everything you deliver to the department?' I said: 'I get paid for everything.' 'Oh,' he says, 'there is something you don't get.' My answer was, 'Well, I am satisfied,' and that ended the conversation.

Q. He suggested to you in conversation there was something you did not get?—A. Yes. I think he was fishing for some information which he did not get.

Q. Fishing for commission?—A. No sir; for information, sir.

Q. Oh, for information. Information which might lead to commission?—A. It may have been out of curiosity.

Q. Yes, I know curiosity is a peculiar animal, sometimes. Then any one else?—A. Not that I can recollect, Mr. Watson.

Q. Anyone at Ottawa in the department?—A. No.

Q. Eh?—A. No.

Q. Did you have frequent communications with the officials at Ottawa, the deputy minister for instance?—A. No. I only met the deputy minister on one occasion in his office.

Q. Are there other offices there?—A. I met Mr. B. H. Fraser very often. Personally he is a very great friend of mine.

Q. Eh?—A. Personally he is a friend of mine.

Q. B. H. Fraser?—A. Yes. He never referred to it that I can recollect, and I never referred to it to him.

Q. Not that you can recollect of?—A. No.

Q. Your memory may not be quite accurate about that?—A. It may not, but I don't think I did, Mr. Watson.

Q. I see. You know that he often recommended expenditure?—A. Yes.

Q. And that following upon his recommendations you would receive orders?—A. Well, I suppose he recommended a certain expenditure, of course, and I received the orders, but never through any favour from Mr. Fraser.

Q. Oh no. You got the orders directly from Mr. Gregory?—A. From Mr. Gregory.

Q. Mr. Fraser made the recommendations to Mr. Gregory?—A. He may have, sir.

Q. Or to the department?—A. I may have asked him upon some occasions 'Will you let me know of any works going on if there is any cement required.'

Q. Eh?—A. I may have asked him if any cement was required, I would import some, something of that kind.

Q. You say he was a great personal friend of yours?—A. Yes, we were on friendly terms.

Q. The same with J. F. Fraser?—A. No, I don't know him.

Q. I see. Only B. H. Fraser. Then what other officials do you know?—A. I know Mr. Boudreau, the assistant accountant very well; I have met Mr. Owen a few times.

Q. Are you frequently up at Ottawa?—A. Three or four times a year, sir.

Q. Now, was there any complaint made that you have knowledge of from the head office that too large prices were being paid for your material?—A. No sir, not that I have knowledge of.

Q. You mean to say that no official there ever complained of the prices?—A. Mr. Fraser may have complained, in fact I think on one or two occasions I reduced my prices at Mr. Fraser's request.

Q. At his request?—A. Yes.

Q. On one or two occasions?—A. Yes.

Q. Are those occasions where you had tacked it on a little bit too high?—A. I may have.

Q. I see, added even to the higher price preceding?—A. Yes sir.

Q. It was always a question how much they would stand?—A. Yes.

Q. How much they would stand without kicking too hard?—A. Exactly.

Q. And that was the principle on which you proceeded?—A. Yes.

Mr. GREGORY.—Would you like to see that letter?

Mr. WATSON.—Yes, thank you.

Senator CHOQUETTE.—No, not yet. Your lordship, will you allow me one question? I address myself to the court. You understand the position we are in, and I am in duty bound to my client to ask the court not to produce the letter to you now.

Hon. Mr. CASSELS.—You are not bound to produce now.

Senator CHOQUETTE.—No, but my learned friend was asking for the letter.

Hon. Mr. CASSELS.—He is not entitled to it unless you wish to give it to him.

Senator CHOQUETTE.—What I say is, that we are not afraid to produce the letter in due time, but I am not ready to produce it at present. There are four or five letters and I shall have to peruse them to appreciate them before producing them. My client wishes me to state he is not afraid to have them produced, but as his attorney I feel bound to say that I will have to look over them before putting them in. We are going to produce them.

Mr. WATSON.—The only reason I asked for it now is that Mr. Gregory was wishing to hand it to me.

Hon. Mr. CASSELS.—His counsel wishes to peruse the letters first.

Mr. WATSON.—Oh, of course.

Hon. Mr. CASSELS.—I would like to see the book the account was taken from.

By Mr. Watson:

Q. This is the leaf system?—A. I have an invoice book sir.

Q. Let me see the invoice book.

By Hon. Mr. Cassels:

Q. And another thing I would like to know, Mr. Watson, is whether the cheques which represent the stubs are forthcoming?—A. I have them here, my lord.

By Mr. Watson:

Q. Do you say you have them?—A. I have the stubs.

Q. His lordship means the cheques themselves?—A. I have them in my office.

By Hon. Mr. Cassels:

Q. I would like to see those?—A. All right, my lord.

By Mr. Godfrey:

Q. What is this? Oh, this is the book and the leaves are extracted from this book?—A. Yes sir.

Q. This is the system?—A. Yes, the original.

Hon. Mr. CASSELS.—Those are the original leaves, not copies?

By Mr. Godfrey:

Q. Yes. Those are not copies, those are the original leaves?—A. Those are the original leaves taken out of my ledger, and this is a duplicate of the accounts which you have from the department.

Q. I see. Now, just by way of illustration, I want to take some of the largest sales, can you by referring to that spot them?—A. Yes, I think so, if you give me the dates, please.

Q. I have not the dates,Mr . Murphy?—A. They should be on the—the dates of the invoice I mean.

Q. I expected to have a sort of a classification which I have not at hand?—A. If you will give those dates?

Q. That is August 16, 1904.

Hon. Mr. CASSELS.—A lot of these witnesses, Mr. Watson, as I understand, are business men of Quebec. Now, you cannot deal with them all at one time. Could you not arrange for them to get down here as you require them.

Mr. WATSON.—I will do the best I can, my lord, but I cannot state exactly this afternoon. It will be the result of a little consultation with my learned friend this evening, and I am not able now to make selections. I want to do it in such a way as will expedite the inquiry to the greatest extent.

WITNESS.—I notice here we have only got to May 2, 1905.

Q. I want one of the largest amounts. Take, for instance, this account of November 12, 1904, take an account like that just to pick it out: 150 barrels of white cement at $2.75, $412.50; 150 barrels of Rathbun Star at $2.85, $427.50. Do you see that?—A. Yes sir.

Q. Now then, will you tell me, please, what is the lowest price wholesale during that year that you sold white cement?—A. I think, sir, about $2.25.

Q. $2.25?—A. Perhaps $2.20.

Q. I see, $2.20?—A. Remember there is double cartage and storage to be added to these.

Q. You charge for the cartage?—A. It is included in the $2.75.

Q. Oh yes, included in the $2.75?—A. Those prices are delivered at the King's wharf.

Q. Certainly. That is where you make delivery. And Rathbun's Star what is the lowest price you recollect of in that year? I am asking you this, Mr. Murphy, because, as you may appreciate I intend afterwards to test it by the judgment of some others?—A. Yes.

Q. So I mention that so that you will be as accurate as you can?—A. Rathbun's Star cement, I don't think I have handled any since 1904, and as far as I recollect we got $2.75 from others besides the government for small quantities, but I think I sold some at $2.50.

Q. Yes. How much less than that?—A. Not less.

Q. Is that a large order, 150 barrels?—A. Yes.

Q. Much larger than usual?—A. No, I would call it a fair order, anything over 100 barrels.

Q. I see. Then take an order of 1564 pieces of 1-inch spruce, F. & G., what is that?—A. T. & G. Tongued and grooved.

Q. Oh T. & G. Now, what is the lowest wholesale price for that?—A. About $1.20, but at that time I think $20. Is that 1904?

Q. Yes, 1904. $20?—A. I think so.

Q. I see here you charge $22?—A. Yes.

Q. In the same way with pine, 316 1¼-inch pine?—A. Yes.

Q. What is the lowest wholesale price, that is at that time?—A. What quality is specified?

Q. It says 316 pieces 1¼-inch pine T. & G. 4,360?—A. 4,360 feet ?

Q. Yes. That is all it says about it?—A. Pine runs all the way from $40 to $60 or $70.

Q. Well, this is marked here $37?—It must have been rather low grade.

Q. Must have been all low grade?—A. Yes.

Q. That low grade runs down to what, $20?—A. It runs down to $20 for culls.

Q. This may have been culls?—A. No, I don't think it was.

Q. You don't think it was that, I see. But you cannot speak of the quality now?—Not now.

Q. And then again 240 1⅛-inch pine, 2,000 feet?—A. Yes.

Q. $35. That all depends upon the grade?—A. That probably was not dressed, it was not tongued and grooved.

Q. No, it was not?—A. The difference in price would be——

Q. A couple of dollars?—A. Yes.

Q. I see. But you cannot tell what the regular price was without having before you some evidence of quality, I suppose?—A. No.

Q. You have stated what the increase of prices, speaking generally, was. Mr. Murphy, of course, it strikes everyone as most extrordinary that Mr. Gregory should buy from you and pay you excess prices. How can you account for the apparent excessive prices?—A. Well, I was not the only one who supplied the Marine Department with lumber.

Q. I am not asking you that. How do you account for the fact of his paying you excessive prices?—A. Well, the government usually has to pay more for material than a private concern.

Q. Why so?—A. I do not know why, but it is an understood thing that they do.

Q. You mean it is an understood thing by people who sell that they are getting a little more from the government——?—A. Than from any one else.

Q. That is, that they will bleed a little?—A. Not naturally bleeding, but the government can better afford to pay it probably.

Q. It is a perquisite, a favour, that is what it amounts to, is it?—A. Exactly.

Q. Of course if you had not got these extra prices it goes without saying you would not have paid the 5 per cent?—A. I could not.

Q. Then did you realize, Mr. Murphy, that you were helping Mr. Gregory to appropriate what did not belong to him, to put it mildly?—A. No sir.

Q. Eh?—A. No sir.

Q. You did not realize that? Before four years ago, or four or five years ago did you get the same prices?—A. Rather better in the beginning, sir.

Q. Rather better?—A. Yes. For instance, take that cement, $2.75 in the account which you showed me. Latterly we only got $2.40.

Q. Yes, you got rather better prices, larger profits, Eh?—A. Yes.

Q. And no commission—to whom was the commission paid then?—A. You mean before 1904?

Q. Yes?—A. Not to anybody.

Q. Eh?—A. Not to anybody that I know of.

Q. Not that you know of?—A. No.

Q. Just look at the personal account. Whose initials are opposite cash before 1904?—A. Well, I have only brought up from 1904 sir; that is all this evidence calls for.

Q. Oh. Then before that time what were the initials?—A. Well, the initials were always J.U.G., anything of that kind.

Q. Yes, I know. We have got that on record from the first of January, 1904; but what do the records show the initials were before the first of January, 1904?

Senator CHOQUETTE.—Well, my lord, is it intended by the court to go beyond 1904?

Mr. WATSON.—The court is not limited.

Senator CHOQUETTE.—I have no objection, but I wish to know in order to be prepared.

Hon. Mr. CASSELS.—I think 1904 is sufficient.

Mr. WATSON.—Your lordship thinks so?

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—Of course, as I understood it, the basis of the inquiry in the first place was fixed as commencing on that date, but if in the course of the inquiry or developments it became necessary or proper to go beyond it, I thought your lordship would do so.

Hon. Mr. CASSELS.—You see, Mr. Watson, without expressing any opinion on the evidence so far, it is immaterial to me what the account is, it is not a question of taking an account in any shape or form. Will you be much longer with this witness?

Mr. WATSON.—No, my lord, I will not. Of course, my lord, the reason—I think it is fairly manifest—that I ask that question is this, that this inquiry is as to the officials, and I put that question to know whether or not the officials were the same at a prior date. That is the reason. It is not a question of account, in my mind, at all; it is a question of the existing staff.

Hon. Mr. CASSELS.—The only possible value of that evidence in my mind might be this; there is a certain date at which the method of getting paid was changed. Instead of getting paid from Ottawa the witness got paid by Mr. Gregory. Now, the only important thing is whether prior to that date any commissions were paid.

Mr. WATSON.—Well, that is what I was trying to lead to. If your lordship thinks it is important I will continue.

Hon. Mr. CASSELS.—I would not think so.

Mr. WATSON.—All right, my lord. I do not wish that there should be any possible question about the inquiry not being to the full extent your lordship thinks proper.

Hon. Mr. CASSELS.—I think if you take what Mr. Fyshe and Mr. Bazin dealt with that that is the only scope left to you. I laid it down that we should not go behind that. I think we are going pretty fully into it.

Mr. WATSON.—Well, as your lordship has indirectly indicated I stop with the witness there.

Senator CHOQUETTE.—I will apply to have an adjournment to to-morrow morning because I wish to look over the matter and peruse some documents.

Hon. Mr. CASSELS.—Very well. (To witness.) I would like you to bring those cheques in the morning?—A. Yes, my lord.

(Adjourned at 4.30 p.m., to 10.30 a.m. to-morrow, November 5, 1908.)

NOVEMBER 5TH, 1908.

(Commission resumed at 10.30 a. m.).

Examination of Mr. Murphy resumed by Mr. Watson.

(Witness hands original cheques to his lordship).

Hon. Mr. CASSELS.—Any further questions, Mr. Watson.

Mr. WATSON.—Yes, my lord, I have just a few further questions, this morning.

By Mr. Watson:

Q. Did you produce the original cheques?—A. Yes, sir.

Q. Oh, his lordship has them.—A. His lordship has them.

Q. You find, I suppose that these correspond accurately with the entries in your books.—A. Yes sir. There are a few cheques missing, but my bookkeeper is looking them up now, and we will have them in the course of half an hour or so.

Q. To the extent that you have any doubt as to the accuracy of your statement yesterday?—A. Oh no, I have no doubt, sir. It is just the original cheques are missing.

Q. Oh yes, I can understand the original cheques after that length of time might not all of them be preserved. I understand that. Then the system was as you have already stated?—A. Yes.

Q. Well, then Mr. Murphy, you referred yesterday quite frankly and plainly to the payments made to Mr. Gagne?—A. Yes sir.

Q I observe from the original invoices and statements that were issued by you and sent to the department that in the majority of cases Mr. Gagne certified that the articles were received, examined and found correct. A. I was not aware of that sir. Of course, I did not see those original invoices when they were sent to Ottawa.

Q. You were not aware of that?—A. No sir, but—

Q. You were aware, as I think you stated yesterday, that they had to pass through his hands for examination as to quality and for a statement as to quantity.—A. Some of them, I presume.

Q. Yes, some of them you presume. Then we need not doubt it.

Mr. WATSON.—I put these in, my lord. I desire to have them marked just for that purpose to show the position Mr. Gagne had in the department, the duty cast upon him of making such reports, and that the reports were made.

Hon. Mr. CASSELS.—In connection with that did he get any money to make them, is that the point?

Mr. WATSON.—Of course we put one and one together to make two, and two and two together to make four in the usual business way.

(Invoices marked Exhibit 99).

Q. Well, now, he received the money, you know he received the money?—A. Yes.

Q. Then the other official or employee you referred to yesterday, about whom you were not quite certain, I think was Mr. Turgeon.—A. I don't know it was.

Q. I thought you mentioned the name.—A No, somebody here did mention the name.

Q Perhaps it was my learned friend, Mr. Perron.—A. I could not say who mentioned the name.

Q. Can you say whether or not it was he?—A. No, I cannot.

Q. I ask particularly because I observe in some few instances, comparatively few, he made a certificate in the place of Mr. Gagne.—A. Yes, probably.

Q. Then your bookkeeper Mr. McNeil has personal knowledge, I think you said yesterday.—A. He should have.

Q. Is he at home?—A. No sir.

Q. When do you expect him?—A. He may be here at the end of the week. He usually comes in on Saturdays.

Q. Not until then?—A. No.

Q Then you will oblige me, Mr. Murphy, by sending a telegram to him.—A. Yes sir.

Q. That we want his attendance here as soon as it can be obtained.—A. All right, sir.

Q. If you will kindly send that message. It is important that he should be here. Now then, you stated yesterday the condition of affairs with regard to the prices charged by you?—A. Yes.

Q. I do not desire any repetition of that this morning, but I want to ask you whether you were personally aware that Mr. Gregory as the chief agent here, certified in all instances upon the invoices in this way : I certify that the above was duly authorized—that is the order—and that the prices charged are fair and just?—A. Yes.

Q. You know that?—A. Not of my own personal knowledge, sir

Q. Had you any information that he was called upon to certify in that way?—A. Not any information, sir, but I naturally concluded as head of the department——

Q. That he would?—A. That he would have to certify or another officer.

Senator CHOQUETTE.—I am prepared to admit, on behalf of my client that those accounts have been paid.

Mr. WATSON.—I do not desire the admission, my lord, made in that way my learned friend presents it. It is not the fact of the certificate alone.

Q. But you appreciated then throughout that he would no doubt be called upon to certify that the prices were just and reasonable?—A. Yes, I concluded he would.

Q. Yes?—A. Mr. Watson, this is a memorandum of the cheques which are missing.

Q. Yes?—A. Which we cannot get at the moment.

Q. I will just file that then along with the cheques you have produced.

Cheques and memorandum marked Exhibit 100.

Q. Now then, just for the moment. You will recollect yesterday you stated, you thought to the extent of 25 per cent of the total sales, the prices may have been about 25 per cent in excess of the close retail prices, and that upon the whole the average would be an excess of 10 per cent above the ordinary or close retail prices—we had your statements yesterday to that effect?—A. Well.

Q. Now then, in respect of that did you know whether or not Mr. Gregory had information as to the selling prices?—A. Not of my personal knowledge.

Q. Not of your personal knowledge, I see. The interview and business relations with him did not lead you to form any conclusion about that?—A. No sir.

Q. But as you said yesterday?—A. On some occasions Mr. Gregory did state my prices were too high.

Q. Yes, you said that yesterday?—A. In fact, in some cases he had the accounts reduced.

Q. Yes, I know yesterday where you said you had put it on a little bit too much, a little bit more than it would stand. You relaxed once in a while as you said yesterday but meantime you were putting on all it would carry?—A. All I could get sir.

Q. Yes, all you could get. Now, you were not able to do business, Mr. Murphy with any other purchasers or customers in that same way in your business, were you?—A. Yes, I was.

Q. In some cases?—A. Yes.

Q. With business men?—A. With business men.

Q. Charging the excessive prices?—A. Well, not charging excessive prices, but in regard to profit, to the percentage of profit.

Q. Getting as large a percentage of profit?—A. As 25 per cent.

Q. Yes, occasionally?—A. Occasionally, yes.

Q. Not systematically?—A. Whenever I could.

Q. Whenever you could.

Hon. Mr. CASSELS.—Was that when you were dealing with agents?—A. No, my lord, principals.

By Mr. Watson:

Q. But in no case did you pay a commission such as you spoke of yesterday?—A. No.

Q. No, in no case did you pay commissions. Now then, did I understand you yesterday to say that from the department at Ottawa you did not have any complaints in a direct way?—A. Not to my recollection.

Q. Not to your recollection?—A. Except in one case in connection with the sale of pitch pine.

Q. Yes?—A. They claimed that the price was too high and they made me an offer of a certain figure for the material. I answered, I think it was to Mr. Doutre, the present puschasing agent, that I was not making presents to the department of pitch pine at present.

Q. That is to Mr. Doutre, that is recently, is it?—A. Yes.

Q. But before that time had you any complaints directly made to you?—A. No sir, not that I can recollect.

Q. Did you have any complaints during 1906?—A. I don't think so.

Q. None during 1906. Now, I would like to be——A. My correspondence is here. sir, if there are any.

Q. That is your correspondence with Mr. Gregory?—A. No sir, with the Marine Department generally.

Q. With the Marine Department, I see. I would like you to refresh your recollection as best you can, Mr. Murphy, because it is a matter of considerable importance in view of the fact that you say that the five per cent commission you paid to Mr. Gregory was in all cases also added to the selling price. That is the fact, is it?—A. It was added to the cost price.

Q. Well, in that way added to the selling price?—A. I figured—

Q. Is that not so?

Senator Choquette.—I would like to have the witness give his answer. My learned friend, as soon as the witness does not answer exactly as he wants him to, puts another question. I object to that, and I will insist that after the question is put to the witness he be given time to answer. My client is really on trial now, and this evidence is against him in a measure. As soon as the question is put I wish to have the answer given before my learned friend puts another question.

Mr. Watson.—That is all right. My learned friend has said so now four times.

Q. Will you go on?

Hon. Mr. Cassels.—You had better let the witness finish his answers.

Witness.—Will you put your question.

By Mr. Watson:

Q. You said that the five per cent was added to the cost price, and therefore, I say, added to the selling price, with the commission charged, is not that so?—A. A percentage of it would be added to the selling price, of course.

Q. Quite so. Now a difference of even five per cent in the purchasing price is a large sum, is it not?—A. It depends on the material you purchase. The lumber is $60 a thousand.

Hon. Mr. Cassels.—Mr. Watson, nearly all these matters you are asking about are inferences. You had from the witness yesterday the price at which he sold, the profit he got, and the commission he paid. Well, the rest are all inferences.

Senator Choquette.—Exactly; and even more than that, insinuations.

Hon. Mr. Cassels.—I mean to say that it is a matter that does not affect me one way or the other. It is a mere matter of inference from the evidence already given.

Mr. Watson.—Of course, it is a matter of business and logical inference. I was seeking to apply it in a little different way, perhaps not in your lordship's mind at the moment, and that is in this way: as shown by the questions the five per cent, at all events in some instances, would be quite perceptible to an ordinary intelligent purchaser—in some instances, let us take it that far. A. Yes. It all depends on the price of the material, of course. Q. Now then, that being so, I ask you again to refresh your recollection as to whether or not you had direct complaints to you from Ottawa, and the reason I ask you is this, that I think it is quite incomprehensible in a business department such as this that the high officials at Ottawa would not have knowledge of this condition of affairs that prevailed with you and the excessive prices that were being paid. How can you account for that method of doing business?—A. I think there was a letter from Mr. B. H. Fraser in reference to some boiler coverings which I sold.

Q. Oh yes, one letter, eh?—A. Yes, one letter, I think.

Q. One letter. And in that did you attempt to explain?—A. Yes, I did. Of course, the Department did not take these boiler covers at the price, there was a considerable reduction made upon them.

Q. So that you indicate in this way that the attention of the Department was at all events in one instance, or perhaps more, drawn to the fact of your excessive prices, that is right, is it not?—A. Yes.

Q. That is right. And yet the same system apparently prevails and continues yet. Nothing more can be said about it at present, I presume. Now then, in your books have you a personal account with Mr. Gregory?—A. No sir.

Q. For goods furnished to him personally?—A. No sir.

Q. Have you sold goods to him at any time?—A. Yes sir, at one time I did and got paid for it.

Q. I see, one time. Long ago?—A. Three or four years ago. A little lot of lumber.

Q. Yes, a little lot of lumber. You have in mind only the one instance?—A. Yes.

Q. And in that instance you say the goods were paid for?—A. Yes sir.

Q. That is your whole experience in personal transactions, it it?—A. Yes.

By Hon. Mr. Cassels:

Q. Mr. Murphy, glancing through these cheques hastily I see most of them are payable to bearer?—A. Yes sir.

Q. I notice that some of them are payable to order without any name being inserted?—A. Yes sir.

Q. Those are endorsed, those payable to order, by Mr. Gregory, apparently?—A. Yes sir.

Q. How is it you made them payable to bearer or to order without making them payable to Mr. Gregory, what is the reason for that?—A. Well, my lord, I had no special reason for it.

Q. No special reason?—A. No sir.

Q. Is that the way you do your ordinary business? Do you pay a man in business say $100 by cheque to bearer instead of to the man?—A. No my lord, not usually.

Q. This particular case is a little departure from the ordinary rule?—A. Yes sir.

By Mr. Watson:

Q. Of course, that carries further. It was a departure from the ordinary way when you entered these items up in your own personal account?—A. Yes.

Q. That was a departure from regular system?—A. Yes.

Q. Quite so, because they were not drawings by you ,they were payments for the purpose of business, as you said yesterday?—A. Yes.

Q. Then there is a cheque of July 11, 1904, made payable in the same way his lordship has indicated, to bearer $26.65, signed by you. Can you tell me how it comes, if you know, that that was endorsed by Mr. J. B. Morin?—A. No sir.

Q. Can you account for that?—A. No sir.

Q. And what is that other signature underneath it?—A. Alfred Dompierre.

Q. Who is he?—A. I don't know sir.

Q. Do you know Mr. Morin?—A. No sir.

Q. Do you know him at all?—A. No sir.

Q. Then there is a cheque of October 26, 1904, for $38 made by you?—A. Yes sir.

Q. You see that (exhibiting) do you know Mr. Mailloux?—A. Yes sir.

Q. Who is he?—A. The accountant of the Department of Marine and Fisheries here.

Q. And how long has he been there?—A. I don't know exactly, sir.

Q. Some years as long back as 1904. Now how can you account for Mailloux's signature being on the back of that cheque?—A. Probably this cheque was deposited to Mr. Gregory's credit and Mr. Mailloux did the banking of the department. It is only an assumption on my part.

Q. I see. Did anything ever occur between you and Mr. Mailloux about this same time?—A. No sir.

Q. Any talk with him?—A. No sir.

Q. Any presents to the official staff, inside staff?—A. In what way?

Q. Any presents by you?—A. No.

Q. Gratuities or commission?—A. No.

Q. To the inside staff?—A. No.

Q. You have spoken of some to the outside staff. Then another cheque of November 12, 1904, $46, endorsed by D. Griffin, do you know him?—A. Yes.

Q. Who is he?—A. He is a stevedore, he was a contractor here.

Q. A contractor here?—A. Yes.

Q. That would not be for the purpose of banking then would it?—A. I don't know sir.

Q. A deposit in the bank?—A. I don't know.

Q. Griffin is a contractor in what line?—A. Well, he is a stevedore and contractor.

Q. Yes?—A. He had a contract some years ago for building the Beaujeu buoy, or pier.

Q. That is a contract?—A. From the department.

Q. I see. Quite a friend of yours?—A. No.

Q. Not particularly so, I expect?—A. No.

Q. Just an acquaintance?—A. Yes.

Q. Can you account for that signature on the back of it?—A. No.

Q. Then again on January 15, 1906, what signature is that on the top?—A. J. U. Gregory.

Q. Oh, that is Mr. Gregory's signature, and underneath it?—A. Mr. Mailloux.

Q. Mr. Mailloux again upon the same cheque, and here is a cheque included in the list, April 30, 1907, a cheque to Ernest G. Odel, $102.50. Who was Mr. Odel?—A. He was my clerk at the time.

Q. Your clerk?—A. Yes.

Q. Was he in your employment?—A. Yes.

Q. What were his duties there?—A. Oh, general office work.

Q. General office work?—A. Yes.

Q. And you made this cheque payable to his order?—A. Yes.

Q. Was that a present to Mr. Odel?—A. No.

Q. Was this intended for Mr. Gregory in the same way?—A. Yes.

Q. Then Mr. Odel knew of it, necessarily so?—A. Necessarily.

Q. Necessarily Mr. Odel knew of it, that this was going to Mr. Gregory, I see. Then I see that this is endorsed by Mr. Odel. Is he any relation of Mr. Gregory's?—A. Yes, sir.

Q. What relation?—A. A grandson.

Q. Oh, I see, then it must have been in the family.

Senator Choquette.—I do not think those remarks should come in.

Hon. Mr. Cassels.—I do not think so, Mr. Watson.

Mr. Watson.—All right my lord.

Q. Then, at all events, the grandson knew of it, apparently, the same thing?—A. Yes.

Q. And that is endorsed by him. Then there is another cheque of April 18, 1907, for $155.30. That is also made to Mr Odel is it not?—A. Yes.

Q. Just in the same way for the same purpose?—A. Yes.

Q. What did Mr. Odel say?—A. It was not his place to say anything, sir.

Q. I see. His place was to keep mum?—A. To do what he was told.

Q. And hand it over to Mr. Gregory?—A. The same as he would hand a cheque to anybody else doing business with me.

Q. A cheque payable to himself?—A. Yes.

Q. Of course what you say would apply to a cheque made payable to another person. As your employee it would be his duty to hand it to that person?—A. Yes.

Q. But a cheque made payable to himself would be applied ordinarily by himself?—A. Yes.

Q. You gave him directions to hand this to Mr. Gregory?—A. Yes.

Q. I see. No questions asked, no statements made. Now then, is Mr. Odel in the employ of the Marine and Fisheries Department?—A. No sir.

Q. Has he ever been?—A. Not to my knowledge.

Q. Not to your knowledge. Has he had business transactions with the Department?—A. I do not know if he has or not, sir.

Q. Eh?—A. I couldn't say whether he has or not.

Q. What business is he in now?—A. He is in contractors' supplies, I should think.

Q. Contractors' supplies?—A. And lumber.

Q. Then that leaves the matter for further consideration. That will do, sir.

Senator CHOQUETTE.—Well, my lord, I was just going this morning to ask your lordship to allow me to adjourn the cross examination until this afternoon. These facts came to me yesterday, but my client was very tired last night and I could not get the information I required from him, and in view of those cheques produced I will beg the Court to adjourn to this afternoon.

Hon. Mr. CASSELS.—At half-past two?

Senator CHOQUETTE.—Yes, it will be very short.

Hon. Mr. CASSELS.—Just take your own time, Mr. Senator, the matter is a very serious one and you must have all the time you want.

Can you call another witness meanwhile, Mr. Watson?

Mr. WATSON.—I think so, my lord. Your lordship, as I understand, extends to my learned friend the indulgence he has asked for?

Hon. Mr. CASSELS.—Yes. I think he should have every opportunity to meet the evidence. This has been brought in and sprung on him to a certain extent, it is not like in the introduction.

Mr. WATSON.—Quite so.

The following witnesses were called but did not respond: Alexander McKay, Patrick Murphy, T. Ryan, James Holliday.

Mr. WATSON.—These witnesses are not here at all, my lord.

Senator CHOQUETTE.—Mr. Samson is here.

WILLIAM ROBERT BLAKISTON recalled.

By Mr. Watson:

Q. Have you the books in connection with your father's business?—A. I have got the one book.

Q. One book does not carry back into his business.—A. You can see it there, sir.

Q. I want the productions prior to the last couple of years, you know. This is 1905. Mr Blakiston, you were kind enough to attend yesterday as well.—A. Yes sir.

Q. And now you attend further and you produce two books.—A. Yes sir.

Q. First a journal and next a ledger, I assume? Is it a day baak?—A. I put it on.

Q. I see. It is perhaps not quite systematic bookkeeeping.—A. No, I am not posted up in that.

Q. Well, in this book will you kindly refer to the pages containing the transactions with the department?—A. The accounts or the—

Q. Yes, the accounts, just whatever entries there are, 1907?—A. Yes sir, they start.

Q. They start in this book.—A. Wait a minute, I will give you it (Hands book to counsel).

Q. I see the Marine Department. What is your line of business, please?—A. Sail making.

Q. Sail making, you said?—A. Yes.

Q. And the transactions with the department have been quite considerable, in the neighbourhood of $14,000?—A. Oh no.

Q. Oh no, $13,866.—A. That is a mistake.

Q. You think that is a mistake?—A. The biggest business I done in a year was about $3,000.

Q. In a year. Well, then, there is evidently some misunderstanding. No doubt my mistake That $14,000 extends over four years, so you are quite right, sir, about $3,000 odd a year.—A. Yes.

Q. And your transactions were directly with Mr. Gregory?—A. With the government, of course.

Q. Yes, but through him?—A. Through the agent of the Marine Department.

Q. That is Mr. Gregory?—A. At that time, in his time.

Q. That is in his time. Well, do you know any other time than Mr. Gregory's here?—A. No.

Q. He must have been in power, he must have been agent, I mean, for a long time.—A Oh yes.

Q. And your interviews or communications with him were personal, that is verbal or by correspondence?—A. No, not by correspondence. Every time there was an order I used to get the order signed by him.

Q. You used to get an order?—A. Of course they came to the office.

Q. Sent to the office Any competition?—A. Compensation?

Q. Competition?—A Competition?

Q. Yes, rivalry?—No, not that I know of.

Q. No, no competition, in the business. Are there others in your same line of business—A. Yes.

Q. How many others?—A. Two.

Q. Two others besides yourself? I see.

Hon. Mr. Cassels.—What are the names of the other two?—A. Mr. Petrie.

Mr. Watson.—Mr. Petrie is one.—A. And Mr. Allan.

Q. Petrie and Allan are in the same line of business?—A. Yes sir.

Q. You get as much as you can?—A. Of course we charge what is fair and reasonable fair and square and just.

Q. I assume there is no settled schedule of prices, the prices are not fixed.—A. No fixed prices.

Q. Fair and square that is as much as you can get, I assume.—A. Well—

Q. Fair and square. And coming directly to the point apart from others, how much commission did you pay?—A. To Mr.—I paid 5 per cent.

Q. Five per cent. And to whom did you pay the 5 per cent commission? A. In the time of Mr. Gregory. In his time I paid him the 5 per cent.

Q. You paid Mr. Gregory 5 per cent commission, I see.—A. Well, of course at that time it suited my purpose to get the money.

Mr. Watson—What?

Senator Choquette.—Let him give the answer.

Mr. Watson.—Certainly.—A. I am speaking of the time he was there in 1907.

Q. Yes, 1907.—A. Because I have been only myself two years in the business.

Q. Only two years yourself in the business?—Yes.

Q. But the same system prevailed with your father in his business?—A. I believe so.

Q. You believe so, the same system prevailed with your father in his business. And you have been connected with the business of your father.—A. Connected in this way, that I used to do all the inside work. I had nothing to do with the finance part; he had his own way of doing his own.

Q. He had his own way and you had your own way?—A. I didn't interfere with his bookkeeping.

Q. Quite so.—A. But I used to do all the inside work in my father's time. He used to do——

Q. The outside work and the financial part?—A. Yes, the financial part.

Q. And a fairly large business?—A. Nothing, no, no, very moderate.

Q. A moderate business? Still so?—A. Throughout the year I only make ends meet in all the business through the season. No, I don't make any fortune out of that business. The sail making business is very poor indeed, because the work is scarce and because we have to charge a fair price to obtain the work.

Q. For what period, do you know, did your father make payments of these commissions?—A. I couldn't tell you that.

Q. As long as you can recollect?—A. Well, as far as I can recollect about two years.

Q. Eh?—A. About two years .

Q. Two years before his death?—A. I think so.

Q. Two years before his death?—A. Of course I did not know much of his

business before, I had been away out of Quebec for some time. I have only been here for some——

Q. That is right. And during his lifetime, for two years at all events, you say that same system of paying commissions applied?—A. Well, I remember him telling me he did pay Mr. Gregory the same as I am doing, now myself. Of course, it suited him just as well as it suits me, I expect.

Q. How did he make the payments, in cash?—A. I could not say how he made his payments. I got nothing to refer to that.

Q. And since your father's death and while you have been carrying on the business for yourself, how have you made payments, in cash?—A. I made them by cheque.

Q. Eh?—A. I give him a cheque.

Q. Let me see the cheque, please.—A. Of course, my cheques are differently made out from the others.

Q. The cheques are a little different?—A. Yes. Of course, in the business——

Q. Oh, you have quite a number of them here.—A. They are my cheques throughout the year.

By Hon. Mr. Cassels:

Mr. Blakiston, what were the terms of your contracts with the Government? Were they for cash payments?—A. I never heard any mention about that.

Mr. Watson.—I am coming to that, my lord. I will cover the ground. I am much obliged to your lordship.

Q. These cheques—just dealing with them before we leave—they are all for 1907?—A. Those are all my cheques.

Q. 1907?—A. Yes.

Q. Why, they are all 1907, there are a lot of them. We will just take them in order. Here is December 20, 1897, that should be 1907, of course.—A. I can show you from the bank book from the time I started.

Q. $25. Have you added these up to show how much they all amount to?—A. No, I did not.

Q. You did not?—A. No.

Q. This one is December 20, 1907, for $25. That is made payable to Mr. Gregory?—A. That one.

Q. J. U. Gregory, his name is there?—A. Yes.

Q. That was not usual?—A. No.

Q. This is payable to bearer?—A. Yes.

Hon. Mr. Cassels.—What is the date?

By Mr. Watson:

Q. This is November 15, 1907, for $245. Why did you make that payable to bearer, that is not the usual course of business is it?—A. I don't know, sometimes——

Q. Why was this payable to bearer?—A. Payable to bearer, because—I could not remember now how they were payable to bearer.

Q. These were intended for Mr. Gregory?—A. I don't know which ones, there are some there, but they are all made alike, I could not tell one from the other.

Q. But you produce the cheques that went to Mr. Gregory?—A. I coudn't say if that went to Mr. Gregory, I don't remember who that cheque was to, because there is no name on it.

Q. No name on it?—A. No.

Q. I see. Then the next one is $50, November 2nd?—A. Yes.

Q. That is payable to bearer, the same way?—A. Bearer. It is not marked bearer at all on it.

Q. It is printed?—A. I have got just my name, that is the way I make my cheque.

Q. The next one is June 20, 1907, $54.20, that is cash?—A. Yes.

Q. December 4, 1907, bearer, $50. These surely were not all for Mr. Gregory?—A. No, they are all my business cheques throughout the year.

Q. Oh, these are the business cheques throughout the year?—A. Certainly.

Q. Then can you pick out the ones that represent the commission. Those are the ones I want?—A. Well, I think this is one here, Mayhew.

Q. That one is? This is cash, $54.20. How do you identify that as commission?—A. Because this is a different cheque.

Q. A little different colour. This cheque you distinguish from the others. You say that was a commission cheque?—A. Yes.

Q. Well, then, we will just run over them. That is $54, is it not?

Hon. Mr. Cassels.—This is $54.20.

By Mr. Watson:

Q. This one is December 4, 1907, $50. Is that a commission cheque?—A. Oh, no. These are cheques I can tell you nothing about these other cheques because there is no name on them.

Q. Never mind, Mr. Blakiston, if you just answer the questions yes or no you will save a lot of time. Will you look at this, November 2, 1907, $50, is that a commission cheque?—A. No, no, I could not say to that.

Q. What is that?—A. No, I could not say to that. No, that is not a commmission cheque.

Q. You say it is not. Then November 15, 1907, $25, is that a commission cheque?—A. No, that ain't a commission cheque.

Q. Here is one that manifestly is. It is made payable to Mr. Gregory himself?—A. That one here?

Q. Yes. $25?—A. Yes, that is one.

Q. That is a commission cheque?—A. That is a commission cheque.

Q. And here is another one, December 17, $50, is that a commission cheque?—A. No, that ain't a commission cheque.

Q. $28, August 15, is that a commission cheque?—A. No, that ain't one either.

Q. $30, August 15, is that?—A. No.

Q. How can you tell?—A. Because I know this is not.

Q. Have you some little mark on them, somewhere?—A. No, no particular mark.

Hon. Mr. Cassels.—The cheques he said are not commission cheques are drawn on the St. Roch branch. Of those he states are commission cheques one was drawn on the Upper Town branch, the other on a savings bank cheque. I think on going through the cheques you will find his cheques are on the St. Roch branch.

Senator Choquette.—May it please the court—if you will excuse me Mr. Watson—if the court will allow me, I am going to make a statement here at once which I think——

Mr. Watson.—Well—

Senator Choquette.—I am addressing myself to the Court, Mr. Watson. I am going to make a statement which will, perhaps, shorten the inquiry and will put the position very clear before the Court. My client has done things which he has a right to do, but it will be for your lordship to decide, but I may say at once that for this witness we are willing to admit—and not only this one but for some other ones, I offer that before the Court, we have charged five per cent, not commission, but interest on money loaned him. I have here in my hands all notes, drafts and advances of money loaned to this gentleman and to his father on their own letter, asking for advances in order to get goods for themselves. Now, I am willing to admit for this one at once we charged five per cent on the goods bought for the Department. We paid them the money loaned in this way.

Mr. Watson.—Well,—

Senator Choquette.—Excuse me, I am addressing the Court. In this way, your lordship, supposing a man had a contract but had no money and could not find an endorser, he came to us, asked for money, and we advanced him, say $100 and charged him five per cent, re-imbursing ourselves out of his contract. That was exactly the position. If we are wrong, we are willing to admit it, and I am willing to say that for twenty people who may come in the box this morning.

Hon. Mr. CASSELS.—Are you prepared to argue before me that the agent of the Government in Quebec who lets these contracts is at liberty, as a servant of the Crown, to discount these orders from the Government for five per cent commission?

Senator CHOQUETTE.—May it please the Court, I am not prepared to argue that, I am just prepared to say we have done that, and it will be for your lordship on reference to the documents to say what is wrong or not.

Hon. Mr. CASSELS.—I think we had better get the position out in evidence.

Mr. WATSON.—I prefer that course, my lord.

Senator CHOQUETTE.—That is the position we are going to take, that is our defence.

Hon. Mr. CASSELS.—The trouble about it is that I want to be satisfied as to several facts. I want to know what the terms with the Government were. Now, the Government, as I understand it, pay cash, but very often they do not pay for 30 or 60 days. Well, any bank would discount a Government draft for two months at the rate of about five per cent a year. These are matters I do not know about, and I want to get the facts.

Senator CHOQUETTE.—I may say at once, if your lordship will allow me, that not only did the Department not pay for two or three months, but even for 10 months, and during that time Mr. Gregory advanced the money.

Hon. Mr. CASSELS.—That may be, but I think we had better get the evidence. I am in the hands of counsel, and if Mr. Watson is not prepared to accept your statement, although it may have a beneficial effect in your making the admission, I think we must proceed with the evidence. It strikes me the whole thing is wrong, and I think that is your standpoint too.

Senator CHOQUETTE.—I think so myself.

Mr. WATSON.—The statement of my learned friend when regarded in a serious way of course adds to the gravity of the man's conduct.

Hon. Mr. CASSELS.—Well, I do not think, Mr. Watson, at present it is right to make any comments until we get the evidence in.

Mr. WATSON.—We have had evidence.

Hon. Mr. CASSELS.—Yes, but we have not heard the cross-examination on the other side.

Mr. WATSON.—But we have the books, my lord.

Hon. Mr. CASSELS.—I think we all understand pretty well.

Mr. WATSON.—Of course, my lord, it is not child's play, much less fool's play as to the result from evidence of this kind. I prefer to take the evidence.

Q. Now, let us have the other cheques. What about that last one?—A. It is no commission cheque.

Q. It is not commission?—A. No.

Q. Is that commission?—A. No, that ain't commission either; in fact I could not tell you the way, which are the commissions or not by the way the cheques are made, they are all alike.

Hon. Mr. CASSELS.—The witness states he paid 5 per cent commission on everything he had from the department.

A. Yes, I have got the total.

Mr. WATSON.—Where is the total?—A. It is in the book, I will show you.

Q. Let us see.—A. Not in that book, in the other.

Q. Add it up.—A. You can make it out yourself there. Let me see—

Q. Have you not got it there?—A. Here is the amount of business I done, here is the money received from Mr. Gregory.

Q. You have here from May 1907 an account rendered $2,632.88.—A. Yes.

Q. Then, Arctic cheque $728.70?—A. Yes.

Q. Signal Service cheque $100; making a total of $3,461.58?—A. Yes.

Q. That is right, is it?—A. That is right.

Q. Where are the details of that?—A. The details of that?

Q. Yes.—A. They are all in the book there.

Q. An earlier page?—A. Page—from 49, I think.

Q. I see this is from page 36. Then you have got here June 20th, 1907, by note $7ᴖJ?—A. Yes.

Q. That is right?—A. That is right.

Q. Note $700. Now, these goods were sold to the department on the usual terms as to credit, I assume.—A The usual terms.

Q. How were your goods usually sold, cash, or 30 or 60 days?—A. Well, there is no time, we generally get cash when we can get it, but there is no time.

Q. But usually you sell at a credit of 30, 60 or 90 days?—A. We generally sell cash to outsiders.

Q. Eh?—A. To outsiders we always charge cash, no credit.

Q. 30 days?—A. It is considered cash in business, but I don't do that kind of business.

Q. 30 days is considered cash in business. Did you generally get cash?—A. Yes, I always got the cash.

Q. Then the department, as you know, usually pays in 30 or 60 days at most.—A. Sometimes they are longer than that, 3 or 4 or 5 months.

Q. If you will—

Senator CHOQUETTE.—Just wait, please.

Mr. WATSON.—If you will allow me—

Senator CHOQUETTE.—Your lordship, the witness says two or three months, sometimes four or five. My learned friend then just put another question. Before he puts another question I say that ought to be put down.

Hon. Mr. CASSELS.—Let him give his answer.

Mr. WATSON.—I am, my lord, but my learned friend interrupts.

Senator CHOQUETTE.—But I have the right.

Hon Mr. CASSELS.—Just see his answers all get down.

Mr WATSON.—They are all down.

Q. Usually, you say, 30 or 60 days, is that so?—A. From the government.

Q. Yes?—A. Lately there is—this last time they did a little more promptly than before, but still it is a long time, sometimes four months.

Q. Sometimes three months, sometimes four months.—A. Sometimes longer.

Q. But the general rule is 30 or 60 days, is it not?—A. I have no experience, I have not been long enough in the business to know the general rule.

Q. How was it in your father's time?—A. I could not say, I do not remember.

Q. Then it is not your understanding that the department pays prompt cash?—A. Well, I don't know, that is not my understanding at all. I don't know how they pay, except during the last summer they paid a little more promptly than they did before.

Q. That is during the summer of 1907 or 1908?—A. The summer of 1908.

Q. But before that sometimes did you get it from the department in 30 days?—A. No I never did. I did not get it from the department, I gave Mr. Gregory a power of attorney to draw my cheques.

Q. To draw your cheques?—A. Yes.

Q. Do you mean to say you executed a power of attorney to him?—A. Yes.

Q. Have you got it or a copy of it?—A. I guess I have it. I have not got it about me.

Q. Then did you authorize him to sign your name?—A. Well, I authorized him, he had the right to use my cheque as he pleased, because when I wanted money I got it off him. That is how I used to get the money.

Q. Listen. Did you get money or cheques directly from the Department?—A. In Mr. Gregory's time?

Q. In Mr. Gregory's time His time is a long time, is it not?—A. I get them direct from the department now.

Q. Oh, you do now?—A. They used to go to Mr. Gregory by the power of attorney I gave him.

Q. So the cheques did not come to you personally?—A. No, they did not come to me personally.

Q. Well now, after your father's death and at that time you knew of the system that had been pursued by him.—A. I did not know the system at all.

Q. But you knew your father had been paying commission, you said.—A. Yes, he told me once.

Q. Did you learn that from Mr. Gregory?—A. Well, he told me when I started for myself. He said, 'You know I am not very rich,' and if I should need any money he would advance me the money.

Q. Mr. Gregory told you that?—A. Yes.

Q. If you needed any money?—A. He told me it would suit my business, don't you see.

Q. He told you that?—A. He told me the Government was a long time sometimes before they sent cheques, three or four months at a time.

Q. He told you so?—A. Yes. So, of course, I could not wait so long as that to meet my bills, so when I wanted money I used to call on Mr. Gregory, and he used to advance me the money throughout the year, and then at the end of the year we would balance up our accounts just as you see they are in the books.

Q. Then who first spoke about it, you or he?—A. Well, I went to him first. I could not remember very well, rightly, whether it was me or him first.

Q. Have you a bank account?—A. No. I have got my bank account.

Q. You deposit your moneys in a bank?—A. A bank account, certainly.

Q. Who is your banker?—A. My own banker, I myself.

Q. Well, I mean what bank do you do business with?—A. The Quebec Bank.

Q. The Quebec Bank, I see. And you get advances from the bank, I suppose, sometimes, do you?—A. Advances?

Q. Yes.—A. No, I never got any advances.

Q. Well, you make discounts occasionally with the bank?—A. No.

Q. You discount notes or drafts?—A. I discounted one small outside note of $30.

By Hon. Mr. Cassels:

Q. Have you any credit at the bank?—A. Yes, I have got a credit at the bank.

Q. Have you got any line of credit at the bank?—A. Have I got any line of credit?

Q. Yes.—A. No. I got my deposit there.

Q. You know what a line of credit is?—A. Yes.

By Mr. Watson:

Q. And you have discounted notes with the bank?—A. Discounted notes?

Q. Yes, your drafts?—A. I discounted one note or two. I think.

Q. And you pay the bank, I suppose, 6 per cent in this city do you?—A. Well, for a short time, of course annually only six per cent.

Q. That is what I mean, at the rate of 6 per cent annually?—A. But if you take a note for two months there will be a reduction.

Q. That is the ordinary bank rate for good accounts?—A. Yes.

Q. Six per cent per annum?—A. Yes.

Q. Then how much did you pay Mr. Gregory?—A. Five per cent.

Q. Five per cent?—A. Yes, I paid him.

Q. Then, when you rendered an account for goods delivered to whom did you send the account?—A. I sent it down to the office.

Q. To Mr. Gregory's office?—A. To Mr. Gregory's office.

Q. And what is the next thing that occurs after you deliver the goods and send the account?—A. Send the account and wait for the money, of course.

Q. Wait for the money, do you?—A. Well, yes. I used to leave it stand there, and then when I wanted any money—

Q. How long would you leave it stand?—A. I could not tell you exactly. When I wanted money I used to go and see Mr. Gregory.

Q. Sometimes would you leave it stand for a month?—A. Yes, sometimes a little more.

Q. Sometimes you would leave it stand for a month before you got the money and sometimes more—as long as two months?—A. I used to get enough from him at a time to suit my purpose for a certain period of time, and then I would not want to call on him, but after I got the money I used to put it in the bank and use the money as I needed it.

Q. Just wait, please. Have you any entries in your books showing any personal account with him?—A. No, not any personal account.

Q. What?—A. No.

Q. Have you a record of your transactions with him?—A. There is a record there.

Q. This is with the Department?—A. No. Is that page 60?

Q. 60?—A. Well, you will see there.

Q. Oh yes. Then the Departmental account is page 36—oh, everything is Mr. Gregory there. Where is the Departmental account?—A. That is transferred. I began to make it over, I got it made over proper at page 60. It comes to the same thing, it is equivalent to the other.

Q. Hold on. Where is your Departmental account? The account with the Department?—A. It starts on page—let me see, the Marine Department, 49. Here it is, 1908.

Q. Let me have it please?—A. It starts there and goes right along.

Hon. Mr. CASSELS.—What page is that?

Mr. WATSON.—It is not headed with the Department at all. What he refers to are pages 46 and 47.

WITNESS.—Turn over the page on your right.

Q. The Marine Department, 1908. That is on pages 48 and 49.

Hon. Mr. CASSELS.—What page does that begin on, what date?

Mr. WATSON.—This is 1908, my lord.

Hon. Mr. CASSELS.—When does it begin, what date?

Mr. WATSON.—April.

Hon. Mr. CASSELS.—When did Mr. Gregory retire?

Mr. WATSON.—When was Mr. Gregory suspended?—A. Let me see that book.

Senator CHOQUETTE.—The first of April this year.

Mr. WATSON.—The first of April.

Hon. Mr. CASSELS.—Then Mr. Doutre came in, I think that was May.

WITNESS.—The beginning of 1907, you see.

By Mr. Watson:

Q. Mr. Blakiston, let us try to get on a little faster?—A. There is 1906-1907, I mean.

Q. I want to know the system if you can tell me. After you delivered goods you sent an invoice?—A. Yes, we send in the invoice after, after the goods are delivered.

Q. You sent an invoice?—A. After the goods were delivered.

Q. You sent that to Mr. Gregory?—A. Right down to the office to the accountant.

Q. Just wait please, just answer the question and do not be making speeches all the time. It breaks into the examination. Then having sent the invoice did you go for the money?—A. No, I did not go right then.

Q. Sometimes you might not for 30 days, sometimes for 60 days?—A. Yes.

Q. Sometimes longer?—A. Sometimes longer, yes.

Q. Sometimes longer. So that goods that you sold and delivered, for instance, on the first of August you might not go for the money for those for three months after?—A. No.

Q. Is that right?—A. Well, providing I had enough money.

Q. I did not ask you that.

Senator CHOQUETTE.—Let him answer.

Hon. Mr. CASSELS.—His answer is down.

Senator CHOQUETTE.—I have the right I maintain, and my learned friend ought to understand once for all that I am not letting pass anything that is asked and answered.

Hon. Mr. CASSELS.—Let him finish his sentence.

Mr. WATSON.—He had finished his sentence. I cannot stand this any longer, I I won't stand it either.

Senator CHOQUETTE.—I won't stand it either.

Mr. Watson:

Q. Listen to this, Mr. Blakiston. You said sometimes you might not go for three months?—A. Yes, provided I had enough money in the bank to run on my business there was no need.

Q. Yes, sometimes even longer than three months?—A. I could not say that.

Q. You could not say. It just depended upon the requirements in your business. —A. It just depends on the requirements in the business.

Q. You had no idea yourself when the department sent the cheques to Mr. Gregory?—A. Not at each time, no.

Q. He got 5 per cent on every invoice, I undertand?—A. Well, no, not on every invoice, I could not say. 5 per cent on the total amount of what I got through the year.

Q. Well, that was represented by the amount of sales?—A. Yes, on the amount of sales.

Hon. Mr. CASSELS.—As I understand the witness, Mr. Watson, there were orders going on through the year; at the end of the year they had a balancing up of what the total orders were, and then he paid 5 per cent on the total orders.

Mr. WATSON.—No, my lord.

Hon. Mr. CASSELS.—Then I am mistaken.

By Mr. Watson:

Q. How often did you pay 5 per cent?—A. Every time I would go and draw money on him.

Q. I see, every time you drew money.

Senator CHOQUETTE.—Exactly, that is the point.

By Mr. Watson:

Q. Every time you drew money. And how often did you draw money, once every three months?—A. I drew sometimes enough to carry me on for some time, and I would not want any more for a few months.

Q. Did you draw money oftener than once in three months?—A. No, I don't think I have.

Q. No, not any oftener than once in three months. Then what was the largest amount you drew?—A. The largest amount?

Q. Yes?—A. There is one amount I drew, $800.

Q. $800, I see. Do you recollect when that was?—A. Page 60, there.

Q. Page 60. Do you recollect when that was?—A. It is marked with the dates there.

Q. There is one of $700 on June 20, 1907?—A. There is some more there.

Q. There is none here of $600?—A. I say $800.

Q. Yes, there is one on March 16, 1908, $800?—A. Yes, $800.

Q. Did you get a cheque from him?—A. Yes, I got a cheque, either a cheque or a note, I forget now what it was.

Q. Well, you would not get his note?—A. Well, I could not say now exactly.

Q. But this is only this year, March, 1908. Did you get a note of Mr. Gregory?—A. I don't know if it is for that. I know he gave me a note for that amount.

Q. He gave you a note for one amount. What did you do with the note?—A. I got it discounted at the bank.

Q. Oh, you discounted his note at the bank. Then you did not get cash from him?—A. No, I got it from the bank.

Q. Then you paid him 5 per cent for giving the note, and how much did you pay the bank for cashing it?—A. Well, I suppose it is——

Q. 6 per cent?—A. 6 per cent. It was a note for two months; it was more than a note for 2 months.

Q. 6 per cent for discounting it through the bank. And how did you pay him the 5 per cent?

Hon. Mr. CASSELS.—At the rate of 6 per cent.

By Mr. Watson:

Q. Yes, at the rate of 6 per cent per annum. How did you pay him the 5 per cent?—A. Well, I paid him by note, or by cheque I should say.

Q. By cheque?—A. Yes.

Q. So that in that case you got a note from him for $800 payable in two months, is that right?—A. Payable in two months?

Q. Yes?—A. Yes.

Q. And you gave at the rate of 5 per cent for the two months?

Hon. Mr. CASSELS.—No; he paid him 5 per cent.

By Mr. Watson:

Q. Is that right?—A. I paid him—

Q. 5 per cent for the two months?—A. Yes.

Q. That would be 30 per cent per annum.—A. I suppose, if you put it that way.

Q. I see, put it that way. And then, having got the note and given him at the rate of 5 per cent for the two months, you took the note to the bank?

Hon. Mr. CASSELS.—He gave, Mr. Watson, 5 per cent for the two months; not at the rate of 5 per cent.

Mr. WATSON.—Yes, my lord.

Hon Mr. CASSELS.—You said 'at.'

By Mr. Watson:

Q. 5 per cent for the two months. Having given that you took the note to the bank and discounted it at the bank?—A. Yes.

Q. At the rate of 6 per cent per annum?—A. Yes.

Q. And is that the character of the transaction?—A. That is once, I think he gave me that note. The reason he gave me that note, I think, was because I had no bills forward to the government, I had no bills in I suppose, see?

Q. Well, did you have bills in?—A. At the time I don't think I had the amount to cover that.

Q. You don't think you had the amount?—A. No, I overtook, I was overdrawn.

Q. I see. You had overdrawn on him?—A. That is why he gave me his note.

Q. Then how soon after that did you get an order?—A. I could not tell you that.

Q. Pretty soon?—A. Orders did not come from him at all.

Q. Pretty soon?—A. No, I could not tell you how soon.

Q. Then after the accounts were sent in, did you get any promissory notes from him?—A. No, not that—

Q. Then in a case of that kind you would get a cheque from him, would you?—A. When?

Q. When you wanted money?—A. Oh, when I wanted money, of course.

Q. You would get a cheque from him?—A. Yes, I would get a cheque from him.

Q. And at the time you got the cheque you would give him your cheque for 5 per cent of the amount?—A. 5 per cent of the amount.

Q. Did you have arrangements with anyone else in the same way?—A. No. He was the only person in the Marine Department I had any arrangement with.

Q. The only person in the Marine Department you had any arrangement with?—A. Yes.

Q. But outside did you have any similar arrangement with any others?—A. No, no similar arrangements with anyone whatsoever.

Q. You knew all the time he was a departmental officer, an official of the Department of Marine and Fisheries?—A. Yes.

Q. Did you report that system you used to the department at Ottawa?—A. Well, no. I thought everybody done the same. I thought it was a known thing, that it was regular doing that business.

Q. You thought what?—A. I thought he was right in doing that business, because it suited my purpose in getting money when I wanted it.

Q. To get money when you wanted it, I know, but you generally got in once in two or three months.—A. If I did not get the money then I would not know what to do to carry on my business.

Q. What is that?—A. If I could not get the money that I wanted I don't know how I could have carried on my business. Sometimes I would be short to pay my own bills.

Q. Yes. What is the total amount of your output or business every year?—A. Sometimes $2,000.

Q. $20,000?—A. Very nearly $2,000; not $22,000. I say $2,000.

Q. What is the total amount of your business including the department?—A. I haven't figured that up yet, I don't know.

Q. $25,000 to $50,000?—A. $25,000—no, indeed, I could not tell you exactly outside the department.

Q. You say with the department it is between three and four thousand a year.—A. With the department, yes.

Q. Was that a comparatively small portion of your business?—A. Well, it was a pretty fair proportion I considered.

Q .A pretty fair proportion. Your business would be three or four times that amount?—A. No, indeed it would not.

Q. Twice that?—A. No, not even twice that. There is very little sail making business, so there is not very much to do. There are 3 sailmakers here and we have got the work divided amongst us, we have each our part. I am trying to make a living out of the few jobs I get from the government after the expenses are paid and everything.

Q. Did it strike you that the 5 per cent you were paying him was a very large part rate?—A. No, I didn't consider it very much.

Q. What?—A. I did not consider it very much, because when I needed money I did not look on 5 per cent as much to get the money ready at hand when I wanted it.

Q. You do not consider that too high even at the rate of 30 per cent per annum?—A. If you take it that way it mounts up with a large capital, but on a small capital like that, of course it is not a great loss.

Q. If you had not been selling goods to the department would you have made that arrangement with him?—A. If I had not sold goods to the department.

Q. Yes?—A. I don't understand. Made that arrangement?

Q. About giving him 5 per cent on the moneys you got?—A. Outside of the government altogether.

Q. Yes?—A. I don't know, I suppose I would.

Q. Well, would you pay anyone else?—A. Well, I would pay anyone else that would bring me work.

Q. Who would bring you work, I see. But I mean to say if you had not got the orders and the business would you have paid for that 5 per cent?—A. To get the work.

Q. No. For instance, say a broker in the city who did not control any business or give orders, would you give him 5 per cent for cashing cheques?—A. Five per cent is about what they charge cash for.

Q. I am not speaking of 5 per cent per annum?—A. But they charge 10 per cent if you go to a broker.

Q. Ten per cent per annum?—A. No. They charge you every time 10 per cent if it is a matter of only 2 or 3 months.

Q. Take 10 per cent off the face amount, is that right?—A. I never went to a broker so I don't know.

Q. No, you have had no experience in that way. Then there are some entries here that I observe, 'Marine Department, 10 per cent.' What is that 10 per cent there? (indicating.)—A. I don't know anything at all about that book, I couldn't say who put that there.

Q. Well, let me look at it please. Whose writing is it?—A. That is one of my sisters who used to do that for my father.

Q. One of your sisters, is she in the city?—A. No sir, not in the city.

Q. Not in the city now?—A. No.

Q. You see at page 86 of this book is written at the top, 'Marine Department, '5 and on the same line $4,270.07?—A. Yes.

Q. On the next line 10 per cent. Opposite that is $420. That is 10 per cent on the $4,270, and that is deducted from the total leaving a balance of $3,850. Now, what became of that 10 per cent?—A. I don't know anything at all about that.

Hon. Mr. CASSELS.—What is the date of that?

Mr. WATSON.—There is no date, my lord. Underneath it there is December 15, but it does not give the year, my lord. Oh yes, on the opposite page is 1905.

Hon. Mr. CASSELS.—1905?

Mr. WATSON.—Yes, my lord.

By Mr. Watson:

Q. That looks as though a rebate or payment was made of 10 per cent on the total, does it not?—A. It looks like it by this here.

By Hon. Mr. Cassels:

Q. Where is the sister?—A. She is living out on Belvidere Road, outside the limits.

Q. Oh, out in Belvidere, but in reach.

By Mr. Watson:

Q. Just near by?—A. Not far.

Q. Is she married?—A. Yes, Mrs. Muir.

Q. Will you let us have her address?—A. She is on Belvidere. Anybody can find her.

By Hon. Mr. Cassels:

Q. She was your father's secretary?—A. She used to keep the books.

By Mr. Watson:

Q. That looks as though 10 per cent had been a rebate and evidently that is 10 per cent off the face amount?—A. I suppose so. I could not explain what you see there. I don't know any more about that book than yourself.

Q. You see that is manifestly so.

By Hon. Mr. Cassels:

Q. Pardon me. I understand this man knows nothing of the father's business, and he won't know more about the book than you or I do. So it is a matter somebody else will have to speak to, or we can draw our own inferences. That is what I understand, you knew nothing about your father's business?—A. Yes, sir.

Mr. WATSON.—That is followed by an item of expenses, and then the balance is evidently the net result. I would like to have this book marked, my lord. It contains other entries.

Book marked Exhibit 101.

Q. Did you ever hear from your father that he paid 10 per cent?—A. No, I never heard him say that.

Q. You never heard him say that?—A. No.

Q. About what profit did you have?—A. I heard him saying five per cent.

Q. Yes, you heard him say five per cent. About what profit did you have upon your goods that you sold to the Department?—A. Well, the profit, as we charge so so much for material and so much for time and after the work is worked up——

Q. Yes, I know. What was the percentage of profit, 25 per cent?—A. Well, I never figured up exactly the percentage of profit.

Q. About how much would it be?—A. Oh, I suppose about 25 per cent, 25 to 30.

Q. 25 per cent?—A. Yes, about that

Q. Perhaps a little more?—A. Perhaps a little more. I could not bring it down to——

Q. Perhaps 50 per cent it might be?—A. No, I don't think it ran up to 50.

Q. You don't think it would go quite that far? Do you say 40 per cent?—A. 40 per cent, either.

Q. Forty per cent?—A. At the very most I suppose it would come to about 30 per cent.

Q. I see, about 30 per cent profit?—A. Yes.

Q. On the goods that you sold to the Department?—A. Yes.

Q. Well that ought to be a living profit, especially if you sold enough of them. A. Not on a small business it ain't.

Q. Then did you add to the price?—A. No, I never added any more to the price.

Q. Did you add by reason of the five per cent you were paying?—A. No, I never charged any at all. I am charging the same price now as I ever charged before.

Q. You are charging the same now as before?—A. Yes. I didn't add five per cent on the invoices of my work at all, I just kept on the same price.

Q. But you had to pay that?—A. Yes, but I didn't look at that. I was getting along without adding it on.

Q. You took that as one of the disbursements incident to the business?—A. Yes, that is right.

Q. I see. You did not set about indirectly to add that to the profits?—A. Oh, no.

Q. But your profits would be about 50 per cent over and above the five per cent? —A. No, I didn't look at the five per cent at all.

Q. I see. Then did you know any other official than Mr. Gregory?—A. No.

Q. No other?—A. No.

Q. I see. Did you come into communication with the accountant, Mr. Mailloux?—A. No, I had nothing whatever to do with him.

Q. Nothing whatever?—A. It was him I used to give my accounts to, he used to receive them there at the office.

Q. Did you make any allowances to any one?—A. No.

Q. Any presents?—A. Presents to the Department, in the office?

Q. Yes.—A. No, I never made anything.

Q. Nothing of that kind? Nothing beyond the five per cent you refer toé—A. Nothing beyond the five per cent referred to.

Q. Your bank book shows quite an active account with the bank?—A. Yes; but after all is paid there won't be much left out of that.

Q. Well, that is the way with all of us.—A. I haven't got that much, you see, in the bank, I have got to have that balanced yet

Q. I do not want to go into the details of your private business?—A. Two years in business, you can tell by the bank book what money I am making.

Q. What I mean to refer to is you have got quite an active banking account?—A. Not such a big lot.

Q. Not as big as some men in Quebec, I suppose?—A. When that book is balanced and what I owe paid out of it there won't be so much there.

Q. No, I suppose not. Then I will have this book marked, too, please.

Day book marked Exhibit 102.

By Hon. Mr. Cassels:

Q. Outside of your book have you any statement of account?—A. No sir.

Q. Nothing but just what the books show?—A. No.

By Mr. Watson:

Q. Do you know Mr. Lapierre?—A. Lapierre?

Q. Yes?—A. What Lapierre is that.

Q. He describes himself as master. I suppose he would be at the dock somewhere, the wharf?—A. I may say those are not my accounts, those must have been in father's time. I can see that by the bill heads. I don't know anything about that.

Q. Yes, 1904. Who kept these books, whose writing is this?—A. Part of it is mine, and then I got another friend of mine to copy what I told him.

Q. Who was the friend?—A. Well, one of them my sister, she done one part of it, and then I got another friend.

Q. Is that the same sister?—A. Yes, the same sister.

Q. So it is either her writing, or the writing of—A. There is another friend of mine.

Q. What is the friend's name?—A. Paradis.

Q. Where is he?—A. He must be in the city here.

Q. Well, cannot you give me his address?—A. The address is on St. Francis, I couldn't say the number. I can get him up here this afternoon.

Q. Will you?—A. I will try to.

Q. And will you be kind enough to send word to your sister, I mean, can you do so conveniently?—A. I don't know if I can go there now.

Q. If you can conveniently do so I shall be obliged.

Mr. Watson.—Your lordship will see on looking at the book it is very difficult to make head or tail out of it.

(To Witness)—That will do.

(Cheque marked Exhibit 103.)

By Senator Choquette:

Q. You had many dealings with Mr. Gregory about money? You borrowed money from him at different times?—A. Yes.

Q. And your father did too?—A. Yes, I guess he did.

Q. And when you say five per cent it is five per cent interest on that money, and not five per cent commission on goods?—A. No, on the money, yes.

Q. I will be very short, your lordship. Will you look at this letter and see if it is written by you or your father or by somebody among your family?—A. That is by my father.

Senator Choquette.—Will your lordship just look at the letter? That letter is dated September 12, 1904, I think.

(Letter marked Exhibit 104.)

Q. Will you look at this note now and say if this note is for the thousand dollars asked for as a loan by this very letter?—A. The sum of one thousand—yes, that is it, it looks like his signature.

Hon. Mr. Cassels.—What is the date of the note?

Senator Choquette.—September 15, three days afterwards.

Q. I suppose when you are speaking of five per cent it is five per cent on this amount of money borrowed from Mr. Gregory?—A. Just so, yes.

Q. And I suppose your father or you went to Mr. Gregory to get money as you would go to a bank or to a broker?—A. The same thing.

Q. Can you tell me if at the time you had an account against the Government?—A. At any other time?

Q. At the time you borrowed that thousand dollars?—A. I was not here.

Hon. Mr. CASSELS.—It was by his father, I understand.

By Senator Choquette:

Q. You do not know anything about that?—A. No.

(Note dated November 29, W. C. Blakiston, marked Exhibit 105.)

Q. Will you look at that note for $737 82, payable on demand and say if you borrowed money on that note?—A. That is my note.

Q. And when you speak of 5 per cent, that is 5 per cent on the very money you borrowed from Mr. Gregory?—A. Yes.

(Note dated 29th November, 1906, marked Exhibit 106).

Q. Will you look at this other note of June 20th, 1907, for $700 and say if you got that money, that is the draft on Mr. Gregory?—A. This is my father's, is it not? No, this is mine.

Q. Yes?—A. Yes, I got that money all right.

Q. And I suppose the 5 per cent you mentioned is always the same thing, interest on this note?—A. Yes, that is it.

(Note of June 20th, 1907, marked Exhibit 107*a*.)

Q. Will you look at this note of 20th December, 1907, for $500 for two months; it is a draft on Mr. Gregory, and say if it is yours and you got the money.—A. That is right.

Q. And you paid the 5 per cent interest on that?—A. Yes.

Q. Was there any mention of the price of the goods?—A. No mention at all of the price of the goods.

(Note of 20th December, 1907 marked Exhibit 107*b*).

Q. Had you at the time any understanding with the government?—A. No.

Q. Now you said a moment ago you got another amount for $800?—A. Yes.

Q. Now, can you tell me—A. Is that one of the notes, $800?

Q. No, there is none there for $800.—A. Well, I must have got a cheque.

Q. But what I mean to say is, are you positive it is a note of Mr. Gregory or if it is your own note endorsed by Mr. Gregory?—A. I don't understand that. Repeat that.

Q. You gave your note to Mr. Gregory and he endorsed it for you to get money at the bank?—A. That is it.

Q. And I think you paid 5 per cent on the interest of this note to Mr. Gregory?—A. Yes.

Q. Had you a guarantee at the time?—A. No.

Q. Was there any mention of your going to charge any more to the government?—A. No, no mention about the government at all.

Q. Mr. Blakiston, I see you are absolutely honest in your dealings with this matter. You went to Mr. Gregory to get money either by cash or note or draft as you would go to the bank?—A. The very same thing.

Q. Supposing you had gone to the bank you would have been obliged to get an endorser?—A. Yes.

Q. Did Mr. Gregory ask for an endorser?—A. He does not.

Q. Supposing you had gone to a broker he would have required an endorser?—A. Certainly.

Q. What amount would you have had to pay to the broker to obtain that?—A. I never had any dealings with a broker, but brokers would certainly charge more than that.

Q. So you went to Mr. Gregory?—A. Yes. I know he was very lenient to me.

Q. So every time you wanted money either to buy goods in a lot or to prepare yourself to fill a contract you went to Mr. Gregory and you borrowed money from him?—A. That is so.

Q. Now did you get that money in view of filling a contract for the government or in connection with your trade?—A. No, I got that money to carry out my business.

Q. As a pure business matter?—A. A pure, honest deal.

Hon Mr. CASSELS.—I have just glanced at that letter, Mr. Senator. It appears as if he were drawing against moneys coming to him from the government so far as the future is concerned.

Senator CHOQUETTE.—Yes.

By Senator Choquette:

Q. Sometimes when your account was against the government and you did not like to wait for payment you went to Mr. Gregory to borrow on it?—A. Yes.

Q. So you preferred to pay 5 per cent to be paid at once?—A. To be paid when I wanted the money. Whenever it suited me to get the money I used to go to Mr. Gregory.

Q. Is it not the fact that you used to wait three or four or five and even six months to receive payment from the government?—A. That is so.

Q. I will prove that in due time. Now, as to the power of attorney. Was it not given to the Bank of Hochelaga and not to Mr. Gregory? It was to the bank?—A. Yes, to the bank, certainly.

Q. A power of attorney was given to the bank of Hochelaga and not to Mr. Gregory?—A. Oh, no.

Q. But Mr. Gregory had to go there to be credited on your note?—A. Yes.

Hon. Mr. CASSELS.—I see on your ledger two or three entries there of cheques drawn under the power of attorney. I was going to ask what it means.

Senator CHOQUETTE.—Well, it was the bank who credited that to Mr. Gregory, according to my information. The same thing is done with many others.

Q. So as a matter of fact, Mr. Blakiston, and to close your cross-examination, you dealt with Mr. Gregory in money matters as you would have dealt with anybody else?—A. Just the same.

Q. And there was between you and him never any question as to increasing the price of your goods?—A. No mention of that at all in it.

Mr. WATSON.—Have you any other letters there?

Senator CHOQUETTE.—No, not to produce.

Mr. WATSON.—Not to produce.

Senator CHOQUETTE.—I have a memorandum.

By Mr. Watson:

Q. Whose handwriting is that on that letter of September, 1904?—A. That looks like my sister's.

Senator CHOQUETTE.—Will you excuse me? You said a letter. I did not look at it. I produce the letter.

By Mr. Watson:

Q. Whose handwriting did you say?—A. It looks like my sister's.

Senator Choquette:

Q. Will you look at this letter of June 20, 1907, and see if it is signed by you and you wrote that to Mr. Gregory?—A. Yes, that is the very one, the time I remember.

(Letter marked *Exhibit 108*).

Senator CHOQUETTE.—Will your lordship like to read this letter? It is just asking for loans (hands letter to his lordship).

By Mr. Watson:

Q. Whose writing did you say this was?—A. My sister's.

Q. That is the same sister?—A. The same sister.

Q. She will be able to tell about this?—A. I suppose so.

Q. Now, I observe this reads: 'Will you kindly advance me $1,000 on account of my account against SS. *Arctic*, which I hereby present certified by Captain Bernier. I have some payments to make which must be met promptly, and this amount would greatly oblige me.' That is signed by your father?—A. Signed by my father.

Q. Did you have any personal knowledge of that?—A. No, I had no personal knowledge, but I see that is his signature there.

Q. That is all you know about it?—A. Yes.

Q. I see. So this advance was in respect of the accounts with the department?—A. I guess so, it must be.

Q. Yes. And you have no knowledge when the payments were made by the department?—A. I don't know anything about that letter at all.

Q. Nothing about that. Then the promissory note of September 15, 1904, the first one, that is the same date, I assume, is for $1,000, signed by your father?—A. That is it.

Q. Manifestly at the time he had furnished goods to the department representing that sum?—A. I suppose so, I don't know. Of course, I don't know anything about that time. His business and mine was different altogether. Of course, I can't say anything about that at all.

Q. And you have no idea when the money was received from the department?—A. About that there?

Q. Yes?—A. No.

Q. No idea. Then the next note you put in now is one of the 29th November, 1906, for $737.82?—A. Yes.

Q. That evidently represents the amount of an account because it gives the particular dollars and cents?—A. I know, but it does not represent any account at all.

Q. Well, how do you arrive at that particular sum with the cents?—A. Eh?

Q. How do you arrive at the particular amount?—A. Well, I don't know.

Q. What is that?—A. It does not mean any particular amount of any account.

Q. How do you know it does not?

Hon. Mr. CASSELS.—What is the date of that?

Mr. WATSON.—1907.

WITNESS.—This is 1906.

By Hon. Mr. Cassels:

Q. What date?—A. This is the 29th of September, my lord.

Q. Let me see the account.

By Mr. Watson:

Q. What is the date of that?—A. November 29.

Q. November 29, 1906?—A. 1906.

Q. That is $737.82 is it?—A. Yes. No, that don't seem any particular account at all.

Q. Have you any idea how that amount was arrived at?—A. Well, it must have been when it come to settle up the end of the season, the end of the year, I guess.

Q. But do you know now, as a matter of fact?—A. Well, I could not say very well, but I know it does not represent any particular account on my books of that

Q. Well, I see here on September 16, 1906, an account and on the back of it are shown two sums, two amounts of account, one $391.65 and the other $150; that would amount to $541. That is in September, 1906?—A. Yes, that is before my time.

Q. 1906?—A. Well, that is my father's, I suppose. I began in December. What is that?

Q. That promissory note you said was in November?—A. In November, yes.

Q. Was that yours or your father's?—A. Mine.

Q. That is yours?—A. Yes.

Q November 29. Well, whose is this in Septetmber, 1906? Is this yours?—A. Well, my father, that was my father's time yet, because he died in December.

Q. December—A. Yes.

Q. Well, then this note must have been his as well?—A. No. That is signed by him.

Q. This was before his death, if he died in December.

By Hon. Mr. Cassels:

Q. In his name?—A. It is in my name.

Q. Is your father's name the same as yours?—A. That was just previous, before he could not attend to his business at all and I took it over in November.

By Mr. Watson:

Q. I see. I observe there were accounts sent in months before, that is September, amounting to $540 odd. Have you any knowledge of those two sums totalling that amount—A. What accounts are these?

Q. $540 sent in a couple of months before that. Have you any knowledge of those?—A. Well, I suppose I have. I can't remember everything right off to the minute.

Q. Were these paid for by the department?—A. These accounts were all settled up.

Q. When was that paid over by the department, do you know?—A. When it was paid over?

Q. Yes, by the department.

Hon. Mr. Cassels.—The Auditor General's book, have you got it here?

Mr. Watson.—I will be able, my lord, a little bit later to show the dates of payment by the department, the dates when the cheques were issued by the department.

Hon. Mr. Cassels.—Would not the Auditor General's book show that?

Mr. Watson.—No, my lord, not in detail. It does not show that, but of course they have a record in the department, the accountant's books will show the exact date when payments were made.

Q. Then the next cheque you have put in is June 10, 1907, that is at 5 months for $1,100?—A. $1,100.

Q. Well, is it a draft, is it not a note, and I see that the draft is drawn upon Mr. Gregory describing him as agent for Marine and Fisheries, Quebec. Whose writing is that?—A. The signature here?

Q. No, the writing—A. It must be Mr. Gregory's writing.

Q. At all events in his office—A. It is in his office, yes.

Q. And the same way with the next cheque?—A. This is $1,100, this is $700.

Q. I know. And the same way with the next cheque of December 20, 1907, 'J. U. Gregory, agent, Department of Marine and Fisheries.' That was done in his office, was it?—A. I suppose so.

Q. I see, describing him in his official capacity. Now then, let us see what was done with that cheque according to the record and endorsements upon it. The cheque was not discounted, apparently in any bank.

Mr. Watson.—Then it will be of importance, my lord, to show how Mr. Gregory was getting money from the department during this period, and that we will show a little later on.

By Mr. Watson:

Q. Now then, that draft of $500, we have the date of that. Just let us see if we have a cheque for five per cent corresponding with the date. Yes, December 20, 1907, the same date that you put in the draft you give Mr. Gregory a cheque for the

five per cent, $25, I see, it belongs to that. 20th June, 1907, $700. That is the 20th of June, is that the cheque for the commission on that?—A. That cannot be the one.

Q. Well, do you know whether it is or not?—A. Why, $700 at five per cent would not make that amount.

Q. I know, but you may have given him more than that at that time?—A. No, I never gave him any more than that.

Q. You never gave him more than five per cent?—A. No.

Q. That cheque bears the same date, you observe.—A. It cannot be for that sum.

Q. We will see if there is any other cheque for the same date. June 29, no. That is the only cheque, Mr. Blakiston, of that date or for June, that one of $54. Have you anything in your books to show for what that cheque was applied?—A. No, I didn't enter those entries in the book, I got no entries for those.

Q. That is a cheque for the same date, but we cannot speak about the circumstances. And you have not any entry in regard to this $1,000 note?—A. No sir, I got nothing at all to do with that.

Q. Nothing at all to do with that?—A. No sir.

Q. That last letter, let me see it, please. Have you got a typewriter in your office?—A. A typewriter, no sir.

Q. Well, that is a typewritten letter.—A. Yes sir.

Q. Where was that dictated and written?—A. That was dictated and written in Mr. Gregory's office.

Q. Mr. Gregory's office?—A. Yes.

Q. Were you there at the time?—A. I was.

Q. Eh—A. I was.

Q. What took place at the time this was written, what was the conversation?—A. Well, nothing particular, only whatever he made that out for me, that is in case I should want any money to run my business.

Q. He made this out for you?—A. Yes.

Q. I want to know what the conversation was at that time between you and him?—A. I cannot remember what was the conversation, except we got no idea——

Q. What is that?—A. I have got no idea what we did say that particular day, of course I can't remember.

Q. I see. Who was Mr. Perrault?—A. Perrault?

Q. Yes. He is the witness.—A. Perrault, yes.

Q. Who is he?—A. He is a clerk there in the office.

Q. Why was it witnessed?—A. I suppose just to show there was a witness to that effect.

Q. Now this is dated the 20th of June, 1907. You had been carrying on the same system for some time before—A. No, just about a month or so.

Q. But you started in——A. I started in?

Q. In December, didn't you?—A. Yes, that was like the end of the year, you see.

Q. December, 1906?—A. Yes, in December.

Q. So you had been going on for six months before that time?—A. Yes, but there is no business in the winter time in the Marine Department.

Q. But you had been sending in accounts between these dates?—A. Yes, there might be little accounts for them.

Q. Quite so, in December.—A. Yes, there may have been.

Q. And you got some money from him before June? You got money from him before June?—A. June? Well, the money I got you see by the notes there.

Q. Yes. Then, why at this time would he dictate this letter and present it to you?—A. I cannot remember very well. I thought it was when I first started. When I started in business in earnest, in good for myself, that is the time that was made out, that paper. Of course before that I cannot remember very much.

Q. Was this ready at the time you went in to see him?—A. No, it was not ready. I went in myself to see him in the office.

Q. What is that?—A. It was not ready. I went in the office to ask him for some money and that is how he came to make that out.

Q. Then you signed it?—A. I signed it.

Q. That will do.

By Hon. Mr. Cassels:

Q. Mr. Blakiston, did you keep any other bank-book except with the St. Roch Bank?—A. No other account at all.

Q. Is that the only bank account?—A. That is the only one bank account.

Q. I see on the 20th December, 1907, you got this draft on Mr. Gregory for $500?—A. Yes.

Q. Well, I notice a credit of that date, is that the same $500?—A. Yes, sir, that is the very same $500, I got credit in the bank.

Q. You got that from the bank the date of the note?—A. Yes.

Q. Those are two corresponding items?—A. Yes.

Q. I do not see any credit for those other two notes. Will you just see if you can see them, one of the 29th November——A. Perhaps I did not put that in the bank, I may have taken that money to pay off some other debts.

Q. I do not find any entries in the bank-book. I wanted to know if you could remember.

Senator CHOQUETTE.—Will the court allow me a moment for this letter.

Q. You went to Mr. Gregory to borrow money, and he asked you to put your demand in writing?—A. Yes.

Q. The letter was prepared while you were there and you signed it?—A. During while I was there.

Q. I see in the book here, page 26, 'Cheques received from the department by power of attorney.' Is that the power of attorney to the Bank of Hochelaga?—A. Yes.

Q. That is the Bank of Hochelaga?—A. Yes.

Senator CHOQUETTE.—That is all, your lordship.

Hon. Mr. CASSELS.—That will do, Mr. Blakiston.

Mr. WATSON.—My lord, I propose to adjourn until a quarter past two, if your lordship pleases.

Hon. Mr. CASSELS.—Will you take up the cross-examination of Mr. Murphy at half-past two?

Senator CHOQUETTE.—I will be ready then.

Hon. Mr. CASSELS.—Then we will adjourn till 2.30 unless you are ready earlier.

Adjourned at 12.30 to 2.30 p.m. and then resumed.

JAMES J. MURPHY recalled.

By Senator Choquette:

Q. You speak good French, Mr. Murphy?—A. Fairly good, Mr. Senator, but not sufficiently well to be examined in French.

Q. You object to be examined in French?—A. Well, I don't object to your speaking in French, but I object to answering in French.

Senator CHOQUETTE.—I would prefer, my lord, for myself, to speak French, but the witness would like to talk English, so I will conduct my cross-examination in English.

Q. You have had, Mr. Murphy, a great many money transactions with Mr. Gregory since 1904?—A. Yes.

Q. In many instances you had to borrow money from him?—A. Well, I got money from him on the drafts which I made upon him.

Q. You drew on him to give him your note or have him endorse your note in order to get money from the bank on his credit especially?—A. I had him accept my draft.

Q. And that happened even at times when you had no accounts against the government?—A. Sometimes.

Q. Had you with him any special understanding about interest that you had to pay to him?—A. There was no question of interest, it was only a question of 5 per cent discount.

Q. Discount. You say there was no question of interest, but it was understood you would pay him 5 per cent discount?—A. Yes.

Q. When you use the word 5 per cent commission do you mean this 5 per cent discount on drafts or notes?—A. Exactly.

Q. Do you for one moment desire to convey to the court the idea that you had to pay 5 per cent commission on goods that you sold on behalf of the government?—A. No.

Q. Your intention was and is now that you were paying five per cent discount on money he advanced to you either by cash or by his cheque or by drafts accepted by him?—A. Yes.

Q. Now, Mr. Murphy, will you look at this letter dated June 3, 1904, and see if you remember having written that letter to Mr. Gregory about drafts and money. I beg your pardon, Mr. Watson, I did not show you the letter first. Would you like to look at it?

Hon. Mr. CASSELS.—Just read it.

Senator CHOQUETTE.—Would your lordship like to have it read?

Hon. Mr. CASSELS.—He may as well read it if important. A. 'Quebec, June 3, 1904. Dear Mr. Gregory, I enclose you herewith two drafts, namely, June 3, one month, $1,873.12, June 6, one month, $1,481.16; total, $3,354.28. I have divided these so that I can put one through to-day and the other on Monday, and thus avoid the suspicion of a renewal by discounting a draft for $3,354.28 and then giving a cheque for the same amount to take up my note. I also enclose your receipt for the note given you on May 2. If you accept these drafts I will take up my note in your favour maturing on the 6th instant. Yours sincerely.'

Then there is a postscript. 'The matter of interest can be arranged later between us.'

Q. You wrote that letter yourself?—A. Yes.

Q. Did you have the money or the draft accepted by him—did you have the money you wanted in cash and did you have these drafts accepted by him and the money on these drafts?—A. I think that these drafts must have been accepted by him and I discounted them in my bank.

Q. And then you paid him five per cent either for the money loaned or for his endorsation to accept another draft?—A. Yes.

Q. That is what you meant when you spoke yesterday of five per cent commission?—A. Yes.

Q. It was five per cent discount or interest on money loaned by him?—A. Yes.

Q. Now, Mr. Murphy, can you tell me if at the date of this letter you had any account against the Government for that amount?—A. I cannot say offhand without referring to my books.

Q. Anyhow, if you had accounts you could not have them in cash, and you preferred to have the money cash down, to have ready cash and to pay five per cent interest to have it?—A. Yes.

Q. Supposing you had gone to a broker, you would have required an endorser to get money there, although I suppose you are very well off.

Hon. Mr. CASSELS.—Mr. Senator, there is a very different feature of the case altogether from that.

Senator CHOQUETTE.—I understand that. My client may find a point in that.

Hon. Mr. CASSELS.—Go on. I will not interrupt.

Senator CUOQUETTE.—And the witness may find something in that.

Q. Supposing you would require money, $3,000 at a time, do you think you could have obtained it at a broker's without endorsation for five per cent discount or interest?—A. No.

Q. Supposing you should have gone to the bank, you would have to have an endorser I suppose or given some collateral security?—A. Exactly.

Q. So for you it was easier to go straight to Mr. Gregory and on your own name, on your own responsibility, to have money that way?—A. Yes.

Q. And pay five per cent discount?—A. Yes.

Q. Now, Mr. Murphy, was it at any time mentioned between you and Mr. Gregory that you were going to charge one cent more to the Government for goods sold to the government?—A. Never.

Q. Never. Was it ever mentioned directly or indirectly with him?—A. No.

Q. Is it not a fact that he very often stopped an account and wrote to Ottawa to ask them to fix themselves the prices, specially on cement?—A. We had some discussion about the price of cement. As far as writing to Ottawa, he may have.

Q. He may have.

Senator CHOQUETTE.—I have here, my lord, a copy of a letter of June, 1905, about cement bought from Mr. Murphy. That is a copy. I should like my honourable friends to let me know if they have the original letter addressed to Mr. Gourdeau.

Hon. Mr. CASSELS.—Who is it from?

Senator CHOQUETTE.—To Mr. Gourdeau from Mr. Gregory about the price of cement.

Hon Mr. CASSELS.—I suppose there is no objection to putting it in meanwhile and verifying it later on.

By Senator Choquette:

Q. Will you look at that letter. I think you said yesterday you sold cement to the government.—A. Yes.

Q. Will you look at this letter dated 12th June, 1905, and say if you saw that letter or you heard about the contents of it, especially about the price of cement you sold the government.—A. Mr. Gregory may have mentioned having written this letter, but I cannot recollect the exact time he did it.

Senator CHOQUETTE.—I will ask you to produce the letter.

Hon. Mr. CASSELS.—That is all right. Put it in in the meantime. I suppose there is no objection raised technically?

Senator CHOQUETTE.—The letter mentions: 're cement bought from Mr. Murphy. Mr. Murphy answered that if I will take cement in larger quantities that he is able to compete with Montreal prices. However, as I telephoned Colonel Anderson, I would be very much better pleased if the department would regulate prices for everything. Then it would be entirely under its own control. As it is now and as it has always been before and since confederation, the agent is ordered to buy from parties whose names are on the patronage list and he obeys the department's orders.' The letter goes on in that line.

Mr. GREGORY.—There is more in that letter I would like to have read.

Senator CHOQUETTE.—That will do now.

(Letter of June 3rd, 1904 marked Exhibit 110).

(Letter of June 12th, 1905 marked Exhibit 111).

Q. Now, Mr. Murphy, will you look at this other letter of January, 1906, and tell me if it is your own writing and if you ask Mr. Gregory for some favour in that letter. —A. Yes. The letter says: 'In consideration of your accepting my draft on you at 3 months' date for $1,855.30, I hereby undertake to take up said draft on maturity.' Then there is a postscript. 'I also undertake to hand over to Mr. Gregory any cheques which may come to me from the Department of Marine and Fisheries.'

Q. About cheques, did you not subsequent to 1904, give a power of attorney to your bank to draw your cheques coming from the government?—A. Yes.

Q. Which bank?—A. One to the Hochelaga and one to the Molsons and one to the Merchants at Mr. Gregory's request.

Q. Yes. So that your cheques did not go to Mr. Gregory, but to the banks, and I suppose the amount was credited.—A. I understand the cheques were sent to Mr. Gregory.

Q I know. But he could not draw those because he had no power of attorney to endorse.—A. That power of attorney enabled him to deposit those cheques to his credit.

Q. Well, I file this letter.

(Last letter read by witness marked Exhibit 112).

Q. Will you look at this other letter dated 21st January, 1906, and see if it is about the same thing as the other.—A. Shall I read it?

Hon. Mr. CASSELS.—Yes, you had better read it out.—A. 'Dear sir, referring to the draft at 3 months' date for $1,200 which you accepted to-day, this is considered by me as a debt of honour, and I hereby undertake to pay same on maturity, unless otherwise provided for.'

(Letter marked Exhibit 113).

Q. Will you look at this one, April 30th, 1907.—A. 'In consideration of your accepting my draft on you at 2 months for $2,050.28, I undertake to retire same on maturity should it not be convenient for you to do so.'

(Letter marked Exhibit 114).

Q. Now, Mr. Murphy, did you in July, 1907, receive the following letter or a like one from Mr. Gregory to you about a note overdue and charged to his account in the bank? Will you please read it.—A. 'Dear sir, I recently paid a note of $2,050.28, charged against me as it was past due. I expected you would send me half of that amount, as promised, but you did not do so. If you send me your cheque for half the amount mentioned you will greatly oblige me, as I am considerably overdrawn in my bank account. Yours sincerely, J. U. Gregory.'

(Letter marked *Exhibit 115*).

Q. What did you answer to that, Mr. Murphy?—A. That would be with the copies of correspondence. I don't remember exactly what I answered.

Q. Now all these letters refer to money transactions personally with Mr. Gregory?—.A Yes.

Q. And it is on all these moneys which passed from him to you or to your credit that you paid him five per cent discount or interest?—A. Yes.

Q. And when you were speaking yesterday of commission it was that discount or interest you were meaning?—A. Yes, discount or interest, whichever you like to call it.

Q. Now, on your first letter it is said at the bottom of it, that the matter of interest will be arranged later on?—A. Yes.

Q. When did you arrange that for the five per cent?—A. I don't think that referred to the five per cent. I think that referred—that was a renewal, that referred to interest on the renewal, regular bank interest, that is what I think now.

Q. It is what you think. If you peruse the letter you will see that you are asking him to accept a draft, rather two drafts, amounting to $3,354.28.—A. Yes.

Q. And after discussing the way these drafts were going to be accepted and discounted, you add to it, 'The matter of interest can be arranged later between us.' This seems to be interest about this draft.—A. Certainly, interest on those drafts.

Q. And later on on the renewal, if necessary.—A. Yes, bank interest.

Q. You mentioned yesterday that you had some little talk with Mr. Gregory about the last payment of $224 or $229. Is it not a fact, Mr. Murphy, that the discussion was that you had received too much money from him?—A. That is what he claimed.

Q. That is what he claimed. It was not discount or interest, but it was real cash that he had paid to you, and you having reduced some accounts he was short of that, and he claimed you had to give him back this amount of money?—A. Yes, and I think I specified that in my evidence yesterday.

Q. I beg your pardon. I think you said, at least I understood you to say it was the balance of five per cent discount or commission. Now you say, and you are correct, that Mr. Gregory was claiming that he had lent you too much and he could not cover it from the department.—A. That is his claim.

Q. Is it not a fact it is true?—A. I am not prepared to admit it.

Q. Are you prepared to swear to the contrary?—A. Well, as I said it must have been an error in book-keeping. Our books didn't agree, Mr. Gregory's books and mine didn't agree.

Q. Is it not discount for money advanced you to buy some asbestos boiler covering, something like that?—A. I cannot recollect if it was possibly that.

Q. However you paid the money?—A. Yes.

Q. You refunded the money?—A. Yes.

By Mr. Watson:

Q. Mr. Murphy, apparently you had current accounts at that time in three banks?—A. Yes.

Q. The Bank of Hochelaga, the Merchants——

Senator CHOQUETTE.—Will you excuse me, Mr. Watson, I have another letter.

Q. Will you look at this letter of the 21st May, 1907, from you to Mr. Gregory? I would like to produce it, will you read it?—A. 'Dear Sir,—In consideration of your acceptance of my draft at two months' date for $1,110.26, I agree to take up this draft on maturity if required by you.'

Q. That is signed by you and was sent to Mr. Gregory?—A. Yes.

Q. Thank you.

(Letter marked *Exhibit 116.*)

By Mr. Watson:

Q. You had the three accounts current in the three banks?—A. Not at one time, Mr. Watson.

Q. I see, at different periods?—A. Different periods, yes.

Q. Your bank account was not a very troublesome one to you?—A. Not always.

Q. Not always. I mean by that I understand you had quite sufficient bank accommodation for the ordinary purposes of your business?—A. Yes, nearly always.

Q. So that any reasonable credit that you required or any reasonable amount of cash was not difficult of arrangement with your bankers in the ordinary course of your business?—A. Not very.

Q. No, not very. So that, Mr. Murphy, if you desired to have an additional sum of $500 or $1,000 you were not like some of us at a loss in getting money from your bankers, you could take your note to your bank and make your financial arrangements?—A. Usually so.

Q. It was not a matter, therefore, of necessity for you to go on the streets to get money from brokers at exorbitant rates of interest?—A. No.

Q. No, that was not the condition of affairs at all in your business?—A. No.

Q. I see some of these drafts, apparently, were at two months?—A. Yes, most of them.

Q. And five per cent for two months would mean 30 per cent per annum, as you appreciate?—A. Practically.

Hon. Mr. CASSELS.—At the rate of 30 per cent.

Mr. WATSON.—At the rate of 30 per cent.

Q. You appreciate that in your business affairs there was no necessity for you to pay 30 per cent per annum with your banking arrangements that you have spoken of?—A. No.

Q. So, as you said yesterday, there were other business reasons than your necessity for money, straight and clear?—A. Am I obliged to answer that?

Hon. Mr. CASSELS.—Certainly.—A. Yes.

Mr. WATSON.—Yes, there were other business reasons.

Hon. Mr. CASSELS.—He said so yesterday.

Mr. WATSON.—Yes.

Q. And the other reasons were the procuring of these orders from the department?—A. Yes.

Q. Quite so. In fact it is just as you said yesterday, you do not, as I understand, wish to withdraw or modify the evidence which you gave yesterday in court, you have no reason to do so?—A. No reason, sir.

Q. No reason to do so, I see. Then that, perhaps, saves any further extended examination about matters that have just recently been disclosed.

Q. Then we have a few letters that have been produced. I think the first one is June 3, 1904. You have in mind the contents of this letter, have you?—A. Yes sir.

Q. At whose suggestion was this letter written?—A. It must have been written at Mr. Gregory's suggestion.

Q. I see. And written where, at your office or his office?—A. It must have been my office as it is on my bill-head.

Q. And this refers to a draft of that date, June 3, at one month for $1,873.12? A. Yes.

Q. And to another draft of June 6, at one month for $1,481.16?—A. Yes.

Q. Now, at the date of this letter, and the date of the drafts I assume that he gave an acceptance of the drafts?—A. Yes, he must have.

Q. He must have. And you received a cheque for the proceeds, for the amount of the two drafts?—A. No sir, I got his acceptance and discounted it.

Q. Oh, you got his acceptance and then went to the bank?—A. Went to my bank and discounted it.

Q. And how much did you pay for the discount of the drafts?—A. It must have been six per cent, sir. What year was it in?

Q. In 1904?—A. Six per cent.

Hon. Mr. CASSELS.—

Q. At the rate of six per cent?—A. Six per cent per annum.

Mr. WATSON.—We understand that.

Hon. Mr. CASSELS.—It goes down in the note, you know, and should be made clear

By Mr. Watson:

Q. That was the interest. Then you had to pay to get the money on the drafts? —A. Yes.

Q. Now then, at the time you got the acceptance of these drafts did you give Mr. Gregory cheques for the five per cent?—A. I did, if they were not renewals. I never paid anything on renewals.

Q. You never paid twice?—A. No.

Q. I see. You did not do it over again for the same amount?—A. No.

Q. You were not a repeater?—A. No.

Q. Then we are not quite sure of that. Could you, by reference to your book, tell?—A. Whether it is a renewal or not?

Q. Whether you gave the cheques at that time?—A. Well, amongst my cheques if there is a cheque for 5 per cent on that amount.

Q. Well, we will compare. Now, you have already said you did not require the signature of Mr. Gregory to get this money from the bank?—A. Well, it was an acceptance, considered as customer's paper by the bank.

Q. I did not ask you that. I mean to say, assuming you wanted the money, the proceeds of the one note on a particular day, you did not require the signature of Mr. Gregory to get the money from the bank.—A. Well——

Q. You could have done it in other ways. And you could have done it in other ways without paying to anyone compensation for so doing.—A. Yes.

Q. Yes, quite so.—A. Of course, I would have to pay bank interest.

Q. You would have to pay bank interest. Of course, you paid that interest. This letter says, 'I have divided these so that I can put one through to-day and the other on Monday, and thus avoid suspicion of a renewal.' You were not very much scared of a banker's suspicion at that time?—A. Not very much, but——

Q. That is just a form, a phrase, used for the purpose of the letter writing?—A. It looks better not to renew a note in full.

Q. I know it looks better, but that was just a phrase or form used for the purpose of letter writing?—A. To a certain extent.

Q. To a certain extent, I see. And you say, 'I also enclose your receipt for the note given you on May 2nd.' Now, I would like to understand this statement, 'If you accept these drafts I will take up my note in your favour maturing on the 6th inst.' Mr. Murphy, you are a business man, who usually met liabilities?—A. Yes.

Q. It was not a matter of favour or any call upon your honour to pay your notes, when they matured, was it?—A. No, it was probably a convenience to me at the time.

Q. Yes. And then you say that you signed these. You always expected to get your paper as it matures?—A. I do.

Q. Then you say, 'The matter of interest can be arranged later between us.' Now, that, you have told my learned friend, did not refer to the 5 per cent?—A. No sir, it did not.

Q. It did not refer to the 5 per cent, now will you give any explanation of why that sentence was written in there, 'The matter of interest can be arranged later between us'—that sentence is not consistent, as I take it, with the 5 per cent, is it?—A. No.

Q. No, it is not. And that was evidently intended to be a cover in the same way to the actual true arrangement between you and him?—A. No, I don't think so, sir.

Q. What did you mean by the interest, then?—A. The interest, I don't know, really, but it must refer to interest on these notes, but it certainly does not refer to any further payment made to Mr. Gregory.

Q. No, and he would not have anything to do with the interest you paid to the bank, would he?—A. Not that I had to pay.

Q. Certainly not. And it was you paid the interest to the bank?—A. Yes.

Q. That did not come out of the 5 per cent?—A. No.

Q. He did not make any compensation or provision for that?—A. No.

Q. I see. So that upon getting that advance it was obtained from the bank and you paid the bank the usual and ordinary rate of interest?—A. Yes.

Q. And you paid the 5 per cent as something wholly beyond that?—A. Yes, if it was an original thing, as I stated before.

Q. Yes, quite so, if it was not a renewal. There is a cheque I see you gave on June 23, $93, that would be 5 per cent on the two amounts, would it?—A. What is the total of the two amounts?

Q. Oh, that would be 5 per cent on the first one, $1,873.12?—A. Yes.

Q. So that you paid to him the 5 per cent on June 23?—A. This shows it, yes.

Q. How did you happen to get that credit, you got a credit of twenty days on that?—A. A credit of twenty days?

Q. For the 5 per cent. Why didn't you pay it on June 3, that apparently was the date of the acceptance?—A. Is the amount the exact 5 per cent?

Q. Let me see, $1,873.12 at 5 per cent—I was taking it generally. It is a little bit over $90, just about, is it not?—A. Just about, yes.

Q. Then how did you happen to get the twenty days' credit on that?—A. I cannot recollect the circumstances, it is four years ago.

Q. It is four years ago, quite so. And the $1,481, do you find the 5 per cent on that? I don't see a cheque for that. It may be one of the lost cheques, or that may be a renewal, possibly, either one or the other. Then the next letter, that is one

between the department here and Mr. Gourdeau. These matters will come in afterwards when my learned friend puts his client in the box—if he does.

Q. Then the next letter is of January 15, 1906. Do you recollect how that letter happened to be written?—A. It must have been written in Mr. Gregory's office?

Q. In Mr. Gregory's office—A. Yes, sir.

Q. And at whose suggestion?—A. Mr. Gregory's.

Q. His suggestion, I see. You say in this letter, 'In consideration of your accepting my draft upon you at three months' date, I hereby undertake to take up said draft on maturity.' Now, having regard to the conditions that is rather not quite a business letter, is it?—A. Why, sir.

Q. Why, you always take up your own drafts, don't you?—A. Yes.

Q. No necessity for your putting that in writing?—A. Well, Mr. Gregory asked me to do so, and I didn't see any objection in doing it.

Q. What did he want the letter for, do you know?—A. In case I didn't pay the draft, I suppose.

Q. Well now, do you think so?—A. Perhaps so.

Q. Perhaps so, I see. There was no question of accepting your word, was there?—A. I don't think so.

Q. And the postcript to this is, 'I also undertake to hand over to Mr. Gregory any cheque which may come to me direct from the Department of Marine and Fisheries'?—A. Yes.

Q. Now it was well known, as I understand to Mr. Gregory—a well known citizen of the city, knowing everybody, I assume, about the town—that you were a man of considerable means, good financial standing?—A. Yes.

Q. Yes, that was well known to him. It was not necessary to him then in any way that you should give security for a small advance of a thousand or a couple of thousand dollars as a matter of business?—A. Not as a matter of business, no.

Q. And the cheques that came to you from the department ordinarily were received through Mr. Gregory, or did they come direct to you?—A. The cheques did not come to me, except an occasional one would, which I fancy that postcript,—which must have been the object of that postcript.

Q. Which must have been the object of that postcript. But still he was not to have the proceeds of it, because you had given your personal undertaking in this to pay it, or to take it up?—A. Well, he got the cheques in my favour from the department.

Q. That I know.—A. Which he naturally credited me with.

Q. But that would not apply to this, because in this letter you gave a personal undertaking to take up the draft?—A. Yes.

Q. So the cheque would not be required to take it up.—A. It would reduce the amount.

Hon. Mr. CASSELS.—He might receive cheques before maturity of the note in which case the cheques would be held.

Mr. WATSON.—Quite so.

Q. But were the cheques that come to you at that time, January 15, 1906, were those cheques used by Mr. Gregory?—A. Yes. As I said before, the cheques did not come to me, they came to Mr. Gregory.

Q. I know. But when a cheque was received by Mr. Gregory what did he do with it?—A. I don't know.

Q. A cheque from the department?—A. He probably deposited it to his credit.

Q. Not to his credit?—A. On the power of attorney he had.

Q. Did you give him a power of attorney?—A. The power of attorney was to the bank. I gave it to him and he gave it to the banker.

Q. To his banker or your banker?—A. To his banker.

Q. Oh, I see. So you authorized his banker to sign your name on cheques?—A. No, not to sign my name, but to deposit those cheques to Mr. Gregory's credit.

Q. This was authority to sign your name for the purpose of endorsement and getting the cheque cashed.—A. Yes.

Q. Well, that is authorizing to sign your name?—A. Yes sir.

Q. Did you see the bankers?—A. No, not particularly.

Q. Well, what bank was it had authority of that kind?—A. Whatever bank Mr. Gregory was doing business with.

Q. At what bank?—A. At one time he did business in the People's Bank, Halifax.

Q. Who was manager of that then?—A. Mr. Van Felson.

Q. Did you see him about it?—A. No, there was no reason to see him about it.

Q. Then what other bank?—A. Molsons, for a while.

Q. Did you see the manager of that bank about the authority?—A. No.

Q. It is rather, Mr. Murphy, an extraordinary thing, is it not, for a man in your good financial position to distribute powers of attorney to others to endorse your name on cheques?—A. Not to a bank.

Q. Not to a bank?—A. No.

Q. I see. I am getting information?—A. It would be individually.

By Hon. Mr. Cassels:

Q. Were those cheques payable to your own order?—A. Yes sir.

Q. We have heard of Sorel and other places where money went to the agent, and he would give his cheque for the particular payment. I do not know what it was in the case of Mr. Gregory.

By Mr. Watson:

Q. Yes. Here the cheques were made payable to your order?—A. I assume they were, I didn't see many.

Hon. Mr. Cassels.—Sorel was different. There a lump sum was given to the agent and he would send his own cheque in payment of accounts.

Mr. Watson.—Yes, my lord.

Q. Then the next letter is about the same, January 31, 1906, 'Referring to the draft at three months' date for $1,200, which you accepted to-day, this is considered by me as a debt of honour.' I do not for the life of me understand that. Do you distinguish, Mr. Murphy, between a debt of honour and a legal liability?—A. No sir. That letter was written at Mr. Gregory's suggestion.

Q. What did he mean?—A. I don't know what he understood.

Q. Why refer to your honour?—A. I don't know, sir.

Q. You don't know, cannot explain it. It would not be any higher obligation than your legal obligation, would it?—A. No.

Q. Of course not. Then you add, interpreting it not merely as a debt of honour, 'And I hereby undertake to pay same.' So you have got it both ways, you are doubly bound?—A. I was bound to pay it in any event.

Q. You are doubly bound, that is in honour and law as well—'Unless otherwise provided for.' That would strike me—I am not speaking too strongly—as rather a foolish sort of letter from a business standpoint?—A. Rather.

Q. You say so yourself, I see. And then, the next one of April 30, 1907, and I see you direct this to him as agent of the Department of Marine and Fisheries?—A. Yes, but that would have no special meaning.

Q. No, just to identify the gentleman to whom it is written?—A. Yes.

Q. Is there any other J. U. Gregory in the city?—A. No.

Mr. Gregory.—I hope not.

By Mr. Watson:

Q. Then you say, 'Dear Sir,—In consideration of your accepting my draft on you at two months for $2,050, I undertake to retire same on maturity should it not be convenient for you to do so. Now, why did you put that in, 'convenient for you

o do so'?—A. Well, it may not have been sufficient material delivered the proceeds f which would be put to my credit to cover it.

Q. I see. You did not expect him to make any advances for you?—A. In what vay?

Q. It was to come out of the proceeds of the money from the department?—A. Yes.

Q. Yes, to be paid in that way?—A. If sufficient orders came in before maturity.

Q. And if not sufficient you would pay the balance?—A. I would either pay the alance or get a renewal.

Q. So he would not be out of pocket?—A. No.

Q. Then, what was he getting the 5 per cent for?—A. Well, on the original.

Q. I see, on the original agreement. This is a letter written to you, how did hat happen to be written to you? Just look at it and see if you can recollect?—A. Probably there was a note or acceptance of some kind which became due.

Q. Do you recollect anything said at the time of writing it?—A. No, sir.

Q. I see, you do not recollect. This letter to you appears to be an original; that s an original signature (exhibiting letter to witness). From whose possession is it, rom Mr. Gregory's possession or yours?—A. That is not from me. At least the etter did not come.

Q. I see it is an original letter of July 8, 1907, now produced by Mr. Gregory?—A. I beg your pardon, I think it is a copy.

Q. Well, look at the signature, that seems to be an original?—A. That seems to e Mr. Gregory's signature.

Senator CHOQUETTE.—A signed copy.

Mr. WATSON.—That is what I thought. Then this says, 'I recently paid a note f $2,050, charged against me, as it was past due. I expected you would send me half f that amount, as promised, but you did not do so.'

Q. How did that happen?—A. I don't recollect the circumstances, sir; it was no loubt afterwards.

Q. Then he says, 'If you send me your cheque for half the amount mentioned ou will greatly oblige me, as I am considerably overdrawn in my bank account.' This was written by Mr. Gregory?—A. Yes.

Q. Now, let me ask you as a matter of information to a stranger here and to the ourt in connection with these financial propositions of Mr. Gregory, is he known s a gentleman of large wealth in the community?—A. He is considered so.

Q. Oh, I see. Very strong financially?—A. Good financial standing.

Q. I asked you by reason of the last line of the letter, 'As I am considerably overdrawn in my bank account.' I suppose that may occur with the best?—A. Exactly.

Q. Then, you no doubt sent him that?—A. He sent it to me evidently.

Q. But you no doubt sent him a cheque?—A. Yes, I have no doubt I made a ettlement.

Q. Then I understood you to say that you were not sure that the time of the cceptance of any of these drafts that the goods and material had not been supplied y you to the department representing the full amount?—A. Sometimes the material night not have been, that is, not sufficient material to cover the advances.

Q. Might not have been?—A. Might not have been.

Q. Then how soon afterwards was it made up?—A. It would be difficult to say exactly.

Q. Pretty rapidly?—A. Within a couple of months. Within a month sometimes.

Q. I see. You were never at a loss for orders in that way?—A. I always looked o have more than I got.

Q. I daresay. Then there cannot be any possible misunderstanding of the true haracter of the arrangement between you and Mr. Gregory, Mr. Murphy?—A. How lo you mean, sir.

Q. I mean exactly what I say, if you please. There cannot be any possible misunderstanding of the true character of the arrangement between you and Mr. Gregory from what you have said?—A. Well, you draw your own inference.

Q. I see. And it is the same as yours, no doubt, you would expect it to be the same as yours?—A. Well, I was not asked yesterday to answer what my thoughts were.

Q. All right.

By Hon. Mr. Cassels:

Q. I understand, Mr. Murphy—Mr. Watson, I would like to hear about it—I understand two circumstances existed while these notes were current, that sometimes there were orders which, if paid, might not wipe out the indebtedness?—A. Exactly.

Q. But you expected other orders to come which, if you got, would give you funds to wipe out the indebtedness?—A. Yes.

Q. That is the position?—A. Yes.

Q. Two positions: one, orders given for which money was coming; the other, favours to come, which you hoped would make things all right?—A. Exactly.

Q. That was plainly the result?—A. Exactly, my lord.

By Mr. Watson:

Q. Then you said to me yesterday and to-day that these transactions were not matters of business necessity with you. You have also said that it was not a matter of payment of interest to Mr. Gregory. Now, then, just keeping to these premises, to these facts, it was a matter of payment of the 5 per cent as a commission or whatever you may call it, for some ulterior purpose, was it not?—A. Yes.

Q. Quite so.

By Hon. Mr. Cassels:

Q. A bonus for favours or orders?—A. Yes, my lord.

Mr. Watson.—To the representatives of the department for favours past, present and future.

By Hon. Mr. Cassels:

Q. If your evidence is true, the effect is simply this, you were paying Mr. Gregory simply a bonus of 5 per cent in order that you might get orders from him for goods for the government?—A. Exactly.

Mr. Watson.—That will do.

Senator Choquette.—Just a few questions, if the court will allow me.

Hon. Mr. Cassels.—Yes, Mr. Senator. Do not misunderstand me; I want to get the effect of his evidence.

Senator Choquette.—Exactly. I am anxious to have the plain facts before the court as short as possible. We have nothing to hide.

By Senator Choquette:

Q. You say, Mr. Murphy, that in paying this 5 per cent interest you intended to have the goodwill of Mr. Gregory to get orders?—A. Yes.

Q. At the same time you were paying for favours received from Mr. Gregory in advancing you money or giving his endorsation?—A. Well, he considered it a favour, no doubt.

Q. Mr. Murphy, can you swear that in June, 1904, you could go to the bank with your own name and get $3,000 on your note?—A. On my own name or with some collateral security.

Q. But with your own name, without collateral security, could you get $1,000 at the time?—A. I could not say I could, I could not say I could not.

Q. I am obliged to ask you. Can you swear you could have got the money at the time?—A. I cannot swear I could have, neither can I swear I could not.

Q. But anyhow you went straight to Mr. Gregory for his endorsement to get money?—A. Yes.

Q. Now, you are very friendly to the government of the day?—A. Yes.

Q. You are a supporter of the government?—A. Yes.

Q. You have strong friends among the administration?—A. Yes.

Q. Could you not get orders from the government through these friends without going to Mr. Gregory?—A. Orders from the government?

Q. Yes, for goods?—A. From the Marine Department?

Q. Yes?—A. I might have, but Mr. Gregory was the agent here, and I was on very friendly terms with him.

Q. I know, but is this not a fact that you are friendly with the administration of the day, and you could, in fact, have had orders from the government without going to Mr. Gregory?—A. Yes, probably I could.

Q. Is it not a fact that you complained to Mr. Gregory that he was not very favourable to you, and he favoured somebody else?—A. I don't think that I did, not that I remember.

Q. Not that you remember. But is it not a fact that you complained that you did not get many orders from the department?—A. I may have complained recently, but not in 1904-5-6.

Q. Well, last year?—A. Last year, probably I did.

Q. Probably last year. Well, many friends of the government were anxious to get orders and you thought you did not get your share?

Hon. Mr. CASSELS.—Mr. Senator, the orders here gave 15 per cent profit after paying this interest.

Senator CHOQUETTE.—I beg your pardon.

Hon. Mr. CASSELS.—The orders which this witness got, according to his evidence yesterday, returned him a net profit of 15 per cent in addition to the profit he paid to Mr. Gregory.

Senator CHOQUETTE.—Oh, yes, I understand that.

Hon. Mr. CASSELS.—As I understand the system is changed now, they do not pay those retail prices.

Senator CHOQUETTE.—Since last spring, because there was some change in the department. I am very glad it has been done, but I am prepared to prove that what was done last year and 20 years ago was the same thing.

Q. Look again at this letter, Mr. Murphy in which are the words: 'This is considered by me as a debt of honour.' Will you tell me is it not a fact that those words were put there specially because you were told not to increase your price.—A. Not to increase my price.

Q. Yes, not to charge any more for your goods because Mr. Gregroy was advancing you money?—A. No. sir, I was not, I was not told anything of the kind, it was not specified.

Q. What is the reason why that was put there?—A. Because that was written at Mr. Gregory's dictation, as I said before.

Q. But he was not going to ask you to write anything without you knew of it, you are an intelligent man?—A. I didn't consider it of any importance. It satisfied him to get the letter.

Q. Is it not a fact——

By Hon. Mr. Cassels:

Q. I suppose you meant that if by any unforeseen circumstances you did not get further orders which would give you money to pay those notes, you would then take them up?—A. Yes, my lord.

By Senator Choquette:

Q. I was going to put this question. I am informed by my client it was specially said there, 'look, Mr. Murphy, I am advancing you money, endorsing drafts. This

is a debt, but a debt of honour. You must not charge any more to the government for it.' A. I don't remember him saying those last words, you must not charge any more to the government for that.

Q. Upon your oath can you say that it is not true that those very words were told you?—A. I cannot remember those last words.

Q. You cannot remember them?—A. No, sir.

By Hon. Mr. Cassels:

Q. I suppose the fact is simply this, it was expected that those drafts would be paid out of further orders to be given to you?—A. Quite so.

Q. If by any chance further orders were not given to you by change or otherwise, you would take the notes up?—A. Yes, my lord.

Q. That is what you mean.

Mr. Watson.—That will do.

Witness.—Your lordship, can I have my books.

Hon. Mr. Cassels.—I do not know, Mr. Murphy, yet.

Witness.—One-third of my personal account, for instance, the original cheques, of course, verify any entries that are in there.

Hon. Mr. Cassels.—Perhaps Mr. Watson will attend to that for you.

Mr. Watson.—We will undertake to facilitate you all we possibly can.

Hon. Mr. Cassels.—We are not inconveniencing anyone.

Witness.—I would like to get them to-morrow morning.

Mr. Watson.—I will see about it if you will speak to me to-morrow morning.

F. X. Drolet recalled.

Mr. Watson.—My lord, my learned friend, Mr. Perron, will examine Mr. Drolet

(Examination continued by Mr. Perron in French).

(Evidence taken in French will be published later.)

November 6, 1908.

Commission resumed at 10.30 a.m.

W. Blakiston, recalled.

By Mr. Watson:

Q. Is your sister here?—A. No, she has moved down on St. Cyrile street, not St. Cyrile—what is the name of the street? One of the new streets here uptown. I don't know her number, so I couldn't get her.

Q. Is there anyone you could send to her?—A. I don't know her number, I don't know where to locate her. I tried to find her out yesterday afternoon.

By Hon. Mr. Cassels:

Q. She lives on the Belvidere Road?—A. She did, but she has moved in town.

Q. And you did not know she had moved?—A. Yes.

By Hon. Mr. Watson:

Q. What street is she on?—A. St. Cyrile.

Q. Then, there ought not to be much difficulty in finding her?—A. No, there would not be very much trouble.

Q. Do you think you could conveniently help us?—A. Yes, I was there yesterday afternoon, I was there on that street and made three or four inquiries. Of course she is not yet known on that street, and I do not know the number. I asked one of my other sisters if she knew the number, she did not know, of course, there is some trouble to locate her.

Q. The other sister ought to know?—A. She did not know her number, but the name of the street is St. Cyrile.

Q. Will you be kind enough to see if you can bring her here at a quarter past two o'clock?—A. At a quarter past two o'clock.

Q. Yes?—A. Yes.

Q. Then, will you come a little bit before that time?—A. Yes.

By Hon. Mr. Cassels:

Q. If it is necessary to hire a cabriolet to drive her here you will be refunded the expense?—A. Yes, that will be no trouble.

Mr. Watson.—I want Mr. Murphy's bookkeeper, Mr. McNeil, my lord, but he is not here.

Hon. Mr. Cassels.—Then my learned friend will proceed with the witness of last evening.

Mr. Perron.—My lord, I should like to put a few more questions to Mr. Drolet before I go on with Mr. Lemieux.

F. X. Drolet, *recalled.*

(Evidence taken in French will be published later.)

Peter Joseph Napoleon Mailloux, sworn.

By Mr. Watson:

Q. You are the accountant?—A. Yes, sir.

Q. And how long have you been in the office as accountant?—A. Since the beginning of April, 1904.

Q. And before that time were you in the service of the department?—A. No, sir.

Q. That was your first?—A. I got in, if I remember well, on the 22nd or 23rd of March, and then took charge of the position, that is to say, was appointed by an official letter from the department on April 1.

Q. April 1, 1904?—A. 1904.

Q. Who was there before you as accountant?—A. It was Mr. Blanchette.

Q. Where is he now?—A. He is dead now.

Q. And then as accountant you have kept the books in the department?—A. Yes, sir, kept the books.

Q. I understand we will have the books here in a few minutes?—A. They are here now. (Books produced).

Q. Then in the office here at Quebec besides Mr. Gregory, you are the next official after Mr. Gregory in order?—A. I believe it is Mr. Parent was originally appointed as assistant to the agent.

Q. Yes, he would have precedence over you?—A. I think so.

Q. Mr. Parent. And then you would follow next in order?—A. I think so.

Q. Yes, as accountant. Then you have an assistant accountant?—A. Mr. Alphonse Hamel, yes.

Q. Then the next in order, I understand, would be Mr. O'Farrell, Inspector of Lights?—A. I think so. Well, really he is not in the staff of the office, you see.

Q. Yes, I know. Then, there is Captain Koenig?—A. Yes.

Q. He is captain of the *Druid?*—A. And Inspector of Lights.

Q. As well?—A. The district is divided in two for the inspection.

Q. I understand. Then there is Mr. Parent, we have referred to, the Resident Engineer. Then there is Captain Belanger of the steamer *Montcalm?*—A. Yes, sir.

Q. Has he any other duties except as captain of that steamer?—A. No, sir, not that I know of.

Q. Then there is Captain McGough?—A. McGough of the *Champlain.*

Q. Has he any other duties?—A. No, sir, not that I know of.

Q. And then there is Mr. McGreevy?—A. He is Superintendent of the Signal Service.

Q. Now, of these officials Mr. Gregory is there in the office I assume most of the time?—A. Absolutely the whole time.

Q. The whole time in the office?—A. Yes, sir, in the office.

Q. And being in the office all the time he has knowledge of what is going on?—A. Certainly.

Q. Certainly, everything is under his direction?—A. Everything, absolutely.

Q. Under his direction?—A. Everything, absolutely.

Q. In his absence you sometimes took charge?—A. I did sometimes during his absence take charge of the office.

Q. So that it is left in his absence for you to give directions?—A. I beg your pardon.

Q. In his absence it is left in your charge?—A. When I replace him, yes.

Q. Quite so. Is there anyone in the office who would be authorized to replace him?—A. I understand that it is the Assistant Engineer who should have replaced Mr. Gregory whenever he was absent.

Q. That is Mr. Parent?—A. Mr. Parent; because being Assistant Agent I think it went on to him.

Q. Yes, I can understand. Then Mr. Hamel is there all the time?—A. Yes, sir.

Q. And he knows what is going on?—A. In the office, yes.

Q. Yes. And he assists you in keeping the books?—A. Yes.

Q. You have a full and complete knowledge of the books?—A. Yes, sir, I have knowledge of all the books.

Q. As accountant?—A. As accountant.

Q. It would be your duty to be familiar, to know of all the entries in the books?—A. Yes, sir.

Q. Quite so. And would you say the same of Mr. Hamel, would he know as much about the books?—A. Well, very likely.

Q. Very likely?—A. Very likely.

Q. Then, Mr. O'Farrell, as Inspector of Lights, I would suppose, be out of the office part of the time?—A. He is absent, and he has an office separate from the accounting office.

Q. Yes, in the same building?—A. The same building.

Q. The same department?—A. But the lower flat.

Q. A separate office?—A. Yes, sir.

Q. And he is there in his office most of the time?—A. No, sir. He is absent about one-third of the time generally.

Q. One-third?—A. About, say, one-third.

Q. In the inspection of lights?—A. In the inspection of lights.

Q. Quite so. And, Captain Koenig, what portion of time is he in the office or about the department?—A. About the department?

Q. Yes?—A. Well, in the winter time he is there every day.

Q. I see?—A. But in summer time when the *Druid* is absent——

Q. He is on the ship?—A. He is on the ship.

Q. So that after navigation ceases, then, he is with you in the department?—A. He is in the department in his office.

Q. And what does he have to do during the season out of navigation, that is, during the winter time?—A. During the winter time?

Q. What does he do?—A. Well, he has the same work to do as Mr. O'Farrell would have, for inspection. He receives the reports from the different lightkeepers, their requisitions for the supplies that will be wanted next year, and then he sees to

ıe outfitting of the vessels, the different lightships that are under his control, and ıen he has to look at the preparation and getting ready of the buoys before the open-ıg of navigation in the spring.

Q. Then he has a very important office?—A. Certainly, sir.

Q. And has to do with considerable expenditure of money?—A. Certainly, it elates to a considerable amount.

Q. And he recommends the amount required to be used?—A. Certainly, he does ecommendations, yes, either direct to the agent or sometimes when he was called for y the department to make recommendations direct relating to his business he would ıake them direct.

Q. That is Mr. O'Farrell?—A. That is Mr. Koenig.

Q. Yes. And in the same way Mr. O'Farrell makes recommendations?—A. Yes, ır.

Q. As to the amount to be expended during the coming season?—A. Yes, sir.

Q. And do you recollect about how much is expended in their department—per-aps you do not?—A. Well, I could not recollect exactly the amount, but it comes ıto—I suppose Mr. O'Farrell's district is larger and the amount of expenditure going hrough his authority or his recommendations is, I presume, higher than the one oing through Captain Koenig.

Q. Yes, I should think it would be more as inspector of lights. Then, Mr. Parent s the resident engineer and assistant to the chief agent, is in the office the greater art of the time, is he?—A. Yes, the greater part of the time. He absents himself n summer too, when he goes on inspection of his work, but he has generally about he same business as Captain O'Farrell might do.

Q. I see. And he recommends expenditure?—A. Yes, sir.

Q. In the engineering department?—A. He has entire charge of the construction.

Q. Of the construction work?—A. Yes.

Q. Now, I see the construction work for 1904-5, according to the statement that have, amounted to $447,000, nearly half a million dollars?—A. Not at Quebec, I on't think.

Q. Not at Quebec?—A. I don't think so.

Q. Statement of expenditure for Quebec, that is, that year?—A. It did not all o through our books; I think there are some accounts that did not pass through our ooks.

Q. Then I need not trouble you about the exact details of that?—A. Well, I can ind it out.

Q. Then, is he in frequent consultation with Mr. Gregory?—A. Certainly, sir.

Q. And you are?—A. Yes.

Q. So that you are very close in touch with him.

Hon. Mr. CASSELS.—He means he was.

Mr. WATSON.—Yes, my lord.

Q. You were often in communication with Mr. Gregory?—A. Certainly, sir.

Q. You knew what was going on?—A. Well, as far as the business was concerned I knew what was going on, yes, sir.

Q. And the same way with the others you named, they were all in very frequent ommunication?—A. Yes, I don't think a day when they did not see Mr. Gregory.

Q. Then Captain Belanger of the steamer *Montcalm* is there about what portion of the time during the winter time?—A. During the winter time he generally called at the office every day, nearly.

Q. And each one has his separate office?—A. No, sir, Captain Belanger has no office.

Q. That is not any room?—A. No room.

Q. The others that you named, have they?—A. Captain Koenig, Mr. Parent and Mr. O'Farrell.

Q. Yes, they have. And Captain Belanger recommends expenditure?—A. As far as his ship was concerned.

Q. Yes. And the same way with Captain McGough?—A. Yes.

Q. And the same would apply to him as to his attendance at the office?—A. Captain McGough was never at the office.

Q. Not at all?—A. Not at all.

Q. Even during the winter time?—A. Even during the winter time, because while he was in the employ he was captain of the *Champlain* and captain of the ferry between Riviere Ouelle wharf and Murray Bay, so his duty did not call him to the office but to the boat.

Q. And Mr. McGreevy of the signal service where does he put in his time?—A. At the office every day.

Q. I see, that is the way it goes. Then next following upon that you produce a book?—A. Yes, sir.

Q. This is called a journal?—A. Yes, sir.

Q. And how many other books are there?—A. Oh, there are many others.

Q. Many others, I see. This book commences at what time?—A. I think July 1, 1906.

Q. It does not appear on the outside?—A. No.

Q. Will you look at it?—A. July 1, 1906, Mr. Watson.

Q. Thank you, July 1, 1906.—A. The fiscal year, 1906-7.

Q. So that we learn now from you as well that the fiscal year of the department commences on July 1?—A. Then it did.

Q. Has it been changed since?—A. Yes, sir.

Q. To what time?—A. April 1.

Q. In what year?—A. Last year.

Q. 1908 or 1907?—A. 1908.

Q. That is this year, then?—A. I said last year, thinking of the fiscal year.

Q. April 1?—A. April 1 last.

Q. Then I would like to know as to the system on which this book is kept. What is included, what entries are made in this book?—A. All accounts forwarded to the department are registered in this book.

Q. Accounts that are forwarded to the department?—A. Except those which would be forwarded for approval. An account might be forwarded for approval, this would not be entered in the regular way in the books.

Q. Not until it came back marked approved?—A. Not until it came back marked 'approved' or to be forwarded in the regular way.

Q. Then there are daily entries here?—A. Daily entries were made according to as they were forwarded.

Q. Then these entries contain the names of the persons who have the accounts with the department?—A. Yes, sir.

Q. And the amounts of the accounts?—A. The amounts of the accounts and the service to which they were chargeable.

Q. Quite so, and do these entries show the dates when the parties were paid the amounts?—A. We can refer to it there easily by taking the number of the cheque, seeing the date and looking at the cheque book which gives the date the cheque was received and the date delivered.

Q. I see. That will help us. So that the figures in red ink in the margin——A. Are the cheque numbers.

Q. Show the cheque numbers?—A. Yes. That is when they were paid. The cheques are entered opposite here, and the cheques are entered besides in another book I will show you.

Q. Now, that same system runs throughout?—A. Yes, sir.

Q. And does this include all classes of expenditure?—A. Yes, sir.

Q. So that there is not a separate account kept for each departmental officer? Do you understand what I mean?—A. No.

Q. Captain Koenig's is not separate from the rest?—A. No, nor Captain O'Farrell or the others. They are all along there in the service; they are all entered here.

Q. I understand now. And that starts as you say——A. The first of July, 1906.

Q. And comes along to the present time?—A. I don't think so, Mr. Watson. I think it runs up to the last fiscal year—yes, it runs to March 31 last.

Q. March 31 of this year, 1908?—A. Yes, sir.

Q. Then you have another book?—A. Previous to this one.

Q. The one before?—A. Previous to this one. We have another one afterward.

Q. Just let me see, then, please?—A. I think the one after has not been brought.

Q. Then you will have someone bring it up?—A. Yes. Will you allow me to tell the man to phone for them?

Q. I will tell him (directs official). Then this account, for instance, taking the accounts of Samson and Filion, their names appear?—A. Yes, sir.

Q. And show when their account was rendered and when they were paid?—A. Yes, sir.

Q. And the same way with Mr. Murphy?—A. This is the date they were forwarded to the department (indicating).

Q. Yes, I see. Usually accounts are paid by the department in 30 or 60 days, are they not, as a rule?—A. No.

Q. No?—A. Now they are paid; before they were not sometimes.

Q. That is just what I want to know?—A. When short they would have to wait longer than that.

Q. That is what I want to know. Take the year 1906, we can tell from this book?—A. Certainly, the exact date.

Q. Yes. But I wanted just in a general way to get the best information you may have as to about what length of time. You say sometimes it would be 30 days, sometimes 60 and sometimes more?—A. Months and sometimes years.

Q. Not years?—A. Yes, years. I know parties have waited years.

Q. Years?—A. That is to say, I know parties had to wait years for their accounts.

Q. You are giving pretty strong evidence against the department at Ottawa, I should think?—A. Well, I am to say the truth.

Q. Certainly you are. Sometimes years before the department at Ottawa would send the money?—A. Yes, sir.

.Q And before 19——A. 08.

Q. Before the change was made, can you say about what the average length of time would be? You say sometimes 30 days, sometimes 60, sometimes 90, sometimes more?—A. Yes, sir.

Q. Would it be a fair average, say of 60 days, on the average, you know?—A. Well, really, I could not without looking over the books, tell what is the proper average. That will depend on the time upon which the accounts were forwarded.

Q. Yes, it all depends on the time, but you are not able to state just now?—A. I could not state the exact average.

Q. All right. Now, just let us see some other book you have?—A. Yes, sir.

Q. Just leave that here, meantime. I just want to get the system of bookkeeping first. (Witness produces another book).

Q. This is not called anything on the outside. Perhaps it is not any the worse for that?—A. This is the ledger from 1902 to 1905.

Q. Oh, you are right, it has got written there 'Ledger, July, 1902 to July, 1905.'?—A. That is June 30, 1905.

Q. Now, tell me in a word, open it up, what class of entries do you make in the ledger?—A. Up to April 1 last.

Q. Up to that time?—A. Up to that time all the entries from the journal here were posted according to their station and to their expenditure. For instance——

Q. Well, it is not a copy?—A. No, it is not a copy, but a résumé, a classification of the account and the expenditure.

Q. Look, for instance, at Mr. Murphy's account, J. J. Murphy's?—A. We had no personal ledger where we posted Mr. Murphy's account or Mr. Samson's or anyone else's to his own name, there was no personal ledger kept taking the names of the parties individually one from the other.

Q. Listen?—A. It was according to the expenditure.

Q. Then the ledger, as a ledger, would not show to whom payments were made or the dates that payments were made?—A. Yes.

Q. That is so, is it?—A. Yes, the account will show it here.

Q. See what information you can give me there as to payments to Mr. Murphy, could you tell any?—A. We have to take the journal and take the date and refer to the account here or to the voucher number, and get from the voucher the information. There was no personal ledger kept for each person dealing with the department.

By Hon. Mr. Cassels:

Q. The name appears from time to time?—A. Yes, the name appears from time to time, for instance we have expenditure at Bicquette for 1902, 10th July. There was an account forwarded to J. Marchand for a manhole for tank, $7.50. Well, we refer to the date of the amount here and find out here, we find the number of the voucher, get the voucher and get the account. But there was no special account for all Marchand's dealings with the department or Murphy's or Samson & Filion's. Since the first of April last we are keeping such a book.

Q. Since the first of April last the system has been changed?—A. Yes, sir.

Q. I see. Well, turn over to 1905. 1902 is a little early for us?—A. There is 1905 indicating.

Q. You have the names here, for instance, the first entry is on page 313?—A. Yes, sir.

Q. July 20th, James J. Murphy, cement, carrying it out?—A.Yes, sir, $50.

Q. That shows then the payment to him of that amount at that time?—A. This is when the account was forwarded the department. To get the date that party was paid we refer to the number of the cheque and the date the cheque has been received and forwarded.

(Journal marked Exhibit 121).

(Ledger marked Exhibit 122).

Q. Now, the accounts are sent in here to your office?—A. They are addressed to the agent, the agency.

Q. And delivered here?—A. Yes, delivered.

Q. And how soon after they reach this office are they forwarded on to Ottawa?—A. Well, that depends what account it is. For instance——

Q. Depends upon what the account is—do you mean it depends on whether the account is right or wrong?—A. No; for what service, not right or wrong, but it must be properly certified before it is forwarded— for instance——

Q. Wait please, just pardon me. As the account comes in to the office it bears certification from someone, does it not, it is certified by someone before it reaches there?—A. Before it reaches the office.

Q. Yes?—A. No, sir.

Q. I see. Then the account comes from the person with whom the debt is contracted, it comes for instance from Mr. Murphy?—A. The account?

Q. Yes?—A. Yes, sir.

Q. And then after the accounts are received in the office you get them certified?—A. Yes, sir.

Q. And you get them certified by the head of the branch, is that right?—A. Well——

Q. For instance, Captain Koenig, he would certify?—A. He would get them certified by the party who had received the material.

Q. Oh, that is it, he would ge them certified by the party who received the material. And that might not be the head of the branch, for instance, Captain Koenig has a particular branch?—A. Yes.

Q. And Mr. O'Farrell and the others. The goods and material would be received by someone in their employment?—A. Sometimes.

Q. Sometimes?—A. Sometimes.

Q. And then they would certify as to the receipt of the goods?—A. Well, very likely they would certify provided the officer had informed them or they had taken knowledge that the goods had been actually received. That is my belief. I do not know.

Q. That is all right. Then when the accounts are received by you at the office you send them to have them certified, or are they certified in the office?—A. They are generally sent to be certified, not always by me but by the other clerks.

Q. Now, then, that would be a matter of a few hours or a few days, would it not?—A. Well, if you had only one account to do.

Q. Yes. A. And if we had only that to do.

Q. That would not take long to get certified?—A. When the officers are there it would not take long.

Q. Yes. Then they come back, and then they are all certified by Mr. Gregory, are they not, showing the prices are——

A. They are afterwards checked.

Q. Showing the prices are just and reasonable?—A. There are two clerks that check the accounts.

Q. Who are they?—A. Mr. Gagnon and Mr. Hamel.

Q. Indeed, they check all the accounts?—A. They check all the accounts.

Q. Then what does Mr. Gregory do?—A. The accounts are checked and they are backed, properly classified as to their services and the proper backing put to them, and they are inspected and the price examined, they are all initialled by those parties, and they are the parties that look after the accounts being certified, that the proper parties certify.

Q. As to the quantity and quality?—A. As to the quantity and quality and as to the party who has received the material. They send them to the different officers who have ordered the articles or who are to certify the account, and when they are properly classified they are then presented to Mr. Gregory for his own certification.

Q. That they are right and the prices just and reasonable? We have the form of certificate—A. Yes.

Q. Do you ever certify as to the prices?—A. I did certify some accounts as to the prices when I replaced Mr. Gregory.

Q. Yes. You are a man of some considerable business experience, I suppose you have a fair knowledge of prices—you would have in the department?—A. Well, I have not any exact knowledge of all the prices because it was not my part of the thing to look into the question of prices, as to prices it is rather Mr. Gagnon and Mr. Hamel to look after the prices.

Q. Yes. Then when they are certified they are sent on to Ottawa?—A. Yes, sir.

Q. Well, now then we have that ledger—that is another one, is it?—A. Yes, sir.

Q. Another date, I suppose?—A. This is a continuation of the other, Mr. Watson.

Q. That will do then.

Ledger for fiscal year 1905-6 marked Exhibit 123.

Q. Then we have 7 books here, what are they?—A. These are the books in which the cheques are entered.

Q. Cheques?—A. The cheques received from Ottawa.

Q. Oh, they are entered?—A. Yes.

Q. When the cheques are received from Ottawa, they are made payable to the parties entered to receive the money?—A. Yes, sir.

Q. In all cases?—A. In all cases, yes, sir.

Q. Cheques are never sent?—A. The cheques are sent according to the endorsation on the account.

Q. Cheques are never sent payable to the order of Mr. Gregory?—A. Cheques were sent in his name for pay-lists that he had.

Q. For pay-lists. But apart from pay-lists?—A. All small accounts paid, for instance, an officer will leave and get an advance from the agency to travel. Well then, the account would be backed in the name of the agent for that officer.

Q. Quite so. And these books, therefore, show the receipt by you of cheques, do they?—A. The receipt by us of the cheques, yes, sir.

Q. Showing the dates on which they are received?—A. The dates on which they are received.

Q. And to whom they are payable?—A. And their number and to whom payable and how disposed of and when.

Q. That is first rate.

Seven books marked Exhibits 124a, 124b, 124c, 124d, 124e, 124f and 124g.

Q. Then the cheques that are so received from the department are never used in your office I assume?—A. Well, those that are for the office are used in the office.

Q. Yes, pay lists?—A. Pay lists, our salaries and the accounts paid by us are used in the office.

Q. Then do you keep an account for the department in any bank?—A. Yes, sir.

Q. In what bank?—A. The Hochelaga Bank.

Q. Have you got the bank-book?—A. I did not bring the bank-book down.

Q. Just have that, please?—A. Is it for the actual period?

Q. During the period of from 1904 to the present time?—A. No.

Q. When did the bank account commence—A. From the first of April—the first of June, 1906.

Q. The first of June, 1906, was there a bank account?—A. The advances were absolutely separate from the agent's money at the time they were in his name.

Q. Up to that time?—A. From that time they were in his name, but for a special account marked 'Advance account.'

Q. Then were the moneys or rather the cheques that were received from the department payable to the order say of A, B, C and D?—A. Yes, sir.

Q. Were those cheques ever deposited to the credit of Mr. Gregory's account?—A. Yes, sir.

Q What?—A. There were some, there were many that were deposited when he paid the account.

Q. To the credit of Mr. Gregory's account?—Of Mr. Gregory's account.

Q. You mean?—A. They were sent to the bank.

Q. To the account of the department or to his personal account?—A. His personal account.

Q. His personal account, I see?—A. Until——

Senator Choquette.—Will you finish your answer?

By Mr. Watson:

Q. Oh, yes?—A. Until June 30, 1906, the agent's moneys received from the department were kept by Mr. Gregory himself in his own account.

Q. Up to that time?—A. Up to that time.

Q. All moneys that were received?—A. That is to say, the advances, about two or three or four thousand dollars that were given to be advanced, to pay lists or to pay all other little running expenses, were deposited in his own name.

Q. That is mixed up with his own moneys?—A. Very likely.

Q. And did you keep that account?—A. Advances?

Q. Yes?—A. Yes, sir, there was an account kept.

Q. A separate account kept?—A. Yes, there was a separate account kept for all moneys received.

Q. Did you, oh?—A. There was a special account for all moneys received from the department as advances.

Q. I know?—A. And what was paid by Mr. Gregory for the department against those advances. Mr. Gregory has those books, I think.

Q. Did you not have those in your control?—A. No, sir.

Q. Not as accountant?—A. No, sir.

Q. Do you mean to say, as accountant, you did not keep those books?—A. I made entries in them, but they were Mr. Gregory's personal books; I always considered them as his personal books.

Q. Now, then, the payments that were made out of that account, the payments that were made out of that account, that is the personal account, did you know anything about them? For instance money would come that would answer the circumstances that you put. That is, he would advance some salaries on the pay list?—A. Yes, sir.

Q. And then a cheque would be sent to him?—A. Yes, sir.

Q. Do you know what would become of that money when he got it?—A. The entries were made in a book and the cheques handed over to Mr. Gregory.

Q. Then you do not know what became of that money when he got it?—A. The entries were made in a book and the cheque handed over to Mr. Gregory.

Q. Then you do not know what became of them afterwards?—A. Afterwards? I do not know. Very likely he deposited them.

Q. But you do not know?—A. No.

Q. Then what are those books?—A. That is the journal previous to the one that has been registered a moment ago.

Q. That will do, that illustrates that?—A. This is beginning from July 1, 1904, up to the period of the other.

Journal marked Exhibit 125.

Q. And this one?—A. This one, expenditure on all the steamers.

Q. Now, how do you get the information to enable you to make entries in that book?—A. From the journal, sir.

Q. So that this is a separate account or ledger kept for the steamer service?—A. The steamer service.

Book marked Exhibit 126.

Q. And this book is another journal?—A. That is a continuation of the other, I think, to take on the period 1906-7, that is the period from July 1, 1906, to March 30, that is two years to March 30, 1908.

Journal marked Exhibit 127.

Q. And Mr. Gregory—just take a particular case—according to the evidence received from Mr. Murphy, 5 per cent on the amount of all orders given by him on the payments to him.

Senator CHOQUETTE.—Excuse me, I have an objection to make, your lordship. I understand this is an investigation where the ordinary rules of procedure need not be absolutely followed, but it seems to me that this is not the way the question should be put to the witness. I object to the form of the question. I think he has to answer yes or no, and he knows nothing about it.

Hon. Mr. CASSELS.—The question is put in order to find out whether any 5 per cent or any other commission was paid Mr. Gregory.

Mr. WATSON.—Of course, I have to give him the promise first before getting an answer.

Hon. Mr. CASSELS.—It is only formal.

Senator CHOQUETTE.—I know but——

By Mr. Watson:

Q. Then, did you know of the payment to Mr. Gregory for his own use of moneys by Mr. Murphy—yes or no?—A. I beg your pardon.

Q. Did you know that Mr. Murphy paid moneys to Mr. Gregory for Mr. Gregory's use?—A. Yes sir.

Q. You knew that, did you know how much that was?—A. I know it because Mr. Gregory told me himself.

Q. That is right, Mr. Gregory told you himself. Then did you know about what percentage that was upon the amount of the orders?—A. No sir.

Q. About what?—A. No sir, I did not know the percentage at all.

Q. You did not know the percentage?—A. I did not know the percentage.

Q. Did you know it was a percentage, a certain rate or percentage?—A. I understood it was. I did not know if it was a certain rate or not, but I understood it was money given for the use of money obtained. I did not know if it could be called percentage, commission or interest. I know money was paid by Mr. Murphy to Mr. Gregory for the use of some money, but as to the name to be given to it I do not know.

Q. You don't know. And did you know of that existing during all the time that you have been there, since the first of April, 1904?—A. I did not know it only after a certain time, a year or two years after I was there.

Q. Then you knew it?—A. Yes.

Q. Can you say that is the system that has been pursued with others as well, others besides Mr. Murphy?—A. I believe others besides Mr. Murphy have obtained money from Mr. Gregory.

Q. Yes. Can you say that that applies to most of the parties who have had dealings with the department?—A. No sir.

Q. You cannot say?—A. No sir.

Q. You cannot say whether it does or not?—A. I cannot say.

Q. Then when these moneys came in did the cheques for them come through your hands?—A. The cheques for them, all cheques came to Mr. Gregory. They were addressed to the agent, and he received all registered letters.

Q. Then did they afterwards come to your hands?—A. I beg your pardon. Then they were turned over to the clerk who registers them in those special books.

Q. Just let me see, for instance, an illustration of that in these books(handing books to witness)?—A. Yes, they came generally classified statement by statement, according as they were forwarded.

Q. Let me have an entry of one of these items?—A. For instance, lightkeeper's salaries.

Q. Where, for instance, is one item?—A. Here is one item.

Q. 23rd of April, 1908?—A. Yes. There is the date of the cheque.

Q. April 10th?—A. This is the date the cheque is dated; it has been received on the 23rd in Quebec.

Q. Oh, yes, but I am asking——A. I beg your pardon. Here it covers the statement 753, the accounts that were forwarded in that statement.

Q. The accounts that were forwarded to Ottawa?—A. Yes.

Q. That is not what I am asking about?—A. When these came to the agent they were turned over from the agent to Mr. Gagnon or to me, when he was not there, to register the cheques in this book.

Q. That is not the class of entry I have in mind. I want particular cheques that were given for this rate or percentage?—A. Oh, oh.

Q. That is what I am asking about. Did you enter those?—A. No, sir, never.

Q. You never entered those?—A. No, I am speaking about cheques, about accounts.

Q. Yes, I am asking you about that. There was a little misunderstanding. I am asking you about the cheques for that percentage?—A. Oh, no, I never knew anything about those cheques.

Q. Did those come to your hands?—A. Never. Some cheques may have been given to me by the agent or some other parties to change, because I kept some cash in my box. I may have changed cheques given to Mr. Gregory. I don't know for what.

Q. Let me see, Mr. Murphy's cheques, one or two of these have Mr. Mailloux's name on them. Then in regard to that system of getting cheques for percentage, you say that those cheques did not ordinarily come from your hands?—A. Not one of them, never.

Q. But you knew those were being received?—A. I knew, Mr. Gregory told me, he was being paid for the money he advanced. At least I knew, he told me himself.

Q. Listen. Have you any knowledge that he ever advanced or paid money to Mr. J. Murphy?—A. Yes, sir.

Q. He made an actual advance himself in cash?—A. I could not tell you, I did not make those entries.

Q. Or to any other person?—A. Or to anyone else, I could not tell you, I never made those entries.

Q. So you have no personal knowledge of any actual cash advance ever being made by him?—A. Personally, really I have not.

Q. Now, one of these cheques is dated the 26th October, 1904, for $38.80, and it has your name endorsed upon it?—A. That is right.

Q. Now, that cheque it has been stated, represents 5 per cent upon a certain amount.—A. It may, I don't know.

Q. How does your name happen to be on the back of it?—A. It has been given to me by some party—I could not tell exactly because the cheque is to the bearer—I have changed it in my cash and it has been exchanged at the bank to obtain the money, I would go there for it.

Q. Did you have the cheque?—A. I had the cheque, gave money and had to give back the cheque to re-obtain the money.

By Hon. Mr. Cassels:

Q. You paid it out of your petty cash?—A. Yes.

By Mr. Watson:

Q. Have you a note of the exchange?—A. Yes sir.

Q. Where is the book for it?—A. I did not bring it.

Q. Let us have it. Here is another cheque of the 15th of January, 1906, Mr. Murphy, $50, payable to Mr. Gregory. Your name is endorsed upon it.—A. Yes. This is in the same case, this is a cheque, I remember perfectly well I exchanged from my petty cash. Of course I had to deposit it with the bank and to endorse it when deposited.

Q. Then who is this first person.—A. Narcisse Dufour.

Q. Who is that?—A. He is the foreman of the blacksmith's shop and ironworks.

Q. Foreman?—A. Of the blacksmiths' shop and ironworks.

Q. Is he working upon salary?—A. Yes, sir.

Q. Do you remember how much he gets?—A. $3 a day.

Q. What has he to do with the business, as far as you know, of Mr. F. X. Drolet? What has he to do with Mr. Drolet, that you know of, if anything?—A. He has very little to do with Mr. Drolet.

Q. Very little to do?—A. Yes. Whenever there is any machinery repairs, but the machinery that needs care is very small.

Q. Very small?—A. Very small.

Q. Yes?—A. But, of course, in the working of iron, as we have no special——

Q. Does he give orders for material?—A. He requests the material, but the orders were always signed by the agent.

Q. Did Mr. Dufour?—A. He might require something to be done by Mr. Drolet, then he would make out an order on Mr. Drolet to do it, and the agent, or his representative, would sign it.

Q. I see. So he makes the request, in the first place, for the material in his department?—A. That is for anything in the mechanical line.

Q. Yes. Is he supposed to give his whole time and whole service to the department?—A. Well, during the working hours only.

Q. Well, the working hours are what?—A. The working hours are from 8 in the morning, 8 to 5 in the winter, and in the summer from 7 to 5. Before we used to go from 7 to 6, but since this year from 7 to 5 only.

Q. And if, as has been stated by Mr. Drolet, the sum of $470 was paid to him, have you any knowledge of the purposes for which it would be paid?—A. I have no idea.

Q. No idea. Did you have any knowledge that any such payments were being made to him?—A. No, sir.

Q. By Mr. Drolet or any one else?—A. No, sir, it never came to my knowledge.

Q. Never came to your knowledge?—A. Never, sir.

Q. How long has he been in the service?—A. I could not tell you; he was there long before I was there.

Q. Long before you were there?—A. Yes.

Q. Then, Mr. Stewart, what department is he in?—A. There are two Mr. Stewarts that are in the service. One is Mr. W. J. Stewart, Chief Hydrographer of the department in Ottawa, and the other one was Mr.—I don't remember his initials—but Mr. Stewart, he was chief engineer of the *Aberdeen.*

Q. I see; chief engineer on the *Aberdeen.* Do you know of any work or duty that he had to perform that would entitle him to receive from Mr. Drolet $220? Any knowledge of that?—A. No, sir.

Q. Any knowledge of such payments?—A. The *Aberdeen* left the agency a few months after I entered the service and was sent to Halifax.

Q. Went to Halifax?—A. Went to Halifax.

Q. And has been in Halifax ever since?—A. I think so. He has some business connection with Mr. Drolet and——

Q. Who has?—A. Mr. Stewart, the chief engineer of the *Aberdeen,* as Mr. Drolet did some work on the *Aberdeen,* some repairing, very likely.

Q. You know that?—A. I could not tell you if it is the case or not; they did some work. Unless I have the books——

Q. Have you a statement of the amount charged by Mr. Drolet?—A. Against the Aberdeen ?

Q. Yes.—A. No, I have not got it, but we can make it out, we can find it out.

Q. Can you put your finger on it in a minute ?—A. I think so. Will you give me, Mr. Gagnon, the steamer ledger.

Q. Let us see that.—A. Now, I don't know exactly the date when Stewart was here, I have not got exactly the date when he left.

Q. Well, look at the account, the Aberdeen, and see what account Mr. Drolet had with that.—A. I see an account was forwarded on the 6th of July, 1903, for repairs to engine and boilers to the *Aberdeen,* $2,888.97.

Q. I see, $2,888——.—A. And 97 cents.

Q. Any other account ?—A. That is in July, 1903.

Q. Yes?—A. Is that the date you want?

Q. It may be since then, I am not quite sure.—A. We will go on then, we will find some others.

Q. That is for this ship?—A. Here is another one forwarded on 28th August, 1903.

Q. Yes?—A. Repairs to engine steering-gear, $536.67.

Q. Yes. Now, here is an account I have on March 23, 1905—the *Aberdeen?*—A. Yes

Q. That is $596, and that is carried forward and added to it, making $636. I see that is certified by Mr. Stewart, H. M. Stewart, on account?—A. Yes.

Q. On account?—A. Yes.

Q. So there are other accounts, evidently?—A. There may be others.

Q. So the fact is Mr. Stewart has certified other accounts for work done by Mr. Drolet on the steamer *Aberdeen*?—A. Certainly. Any work done in the engine room of the *Aberdeen* while Mr. Stewart was chief engineer was signed by him.

Q. Yes. Now, just wait a minute, please. Now here is a list of 28 names of officials or employees in the Quebec agency. Will you tell me if there are any officials or employees in the agency, apart from yourself, whose names are not on that list?—A. I see some are not officers.

Q. I am not distinguishing for the moment between officers and employees, but there is a list I say of 28 officers and employees in the Quebec agency with certain sums opposite each name?—A. Yes, sir.

Q. Is there any other official or employee in the whole of this branch excepting yourself whose name is not there?—A. Well, I don't see Captain O'Farrell's name.

Q. Oh, yes, there is O'Farrell there. A. I beg your pardon.

Q. $272 opposite?—A. I don't see P. E. Parent either, that is another officer of the department.

Q. You don't see Mr. Parent?—A. I don't think so.

Q. I just want to get the names of officers or employees not there?—A. I don't see Parent there.

Q. Well, Mr. Parent is not there, and your name is not there?—A. No.

Q. Anybody else?—A. There is another foreman whose name is not there, Mr. Turgeon.

Q. Turgeon, I see. I am afraid we have him on another list?—A. Turgeon is not there, Mr. McGreevy is not there.

Q. Your are right, that is four?—A. Then if we go as far as engineers there are some other engineers that are not there, but of course I have not right before me a list of all the employees.

Q. I will just put on the back of this the names of those not there. You say Mr. McGreevy?—A. Mr. McGreevy.

Q. Yes?—A. Mr. P. E. Parent.

Q. And Mr. Mailloux?—A. Yes.

Q. And another one?—A. Mr. Turgeon. Mr. Hamel—I don't see Mr. Hamel's name there, nor Mr. Gagnon's name.

Q. No, not here. Mr. Hamel and Mr. Gagne?—A. Not Gagne, Gagnon. I think there is another one, I don't see the storekeeper's name there either.

Q. What is his name?—A. Mr. O'Brien, P. J. O'Brien. I don't see Captain Belanger.

Q. Yes, that is there.—A. Yes. Captain McGough.

Q. Yes. We will get it afterwards.

By Hon. Mr. Cassels:

Q. The better way will be to have a list of all the employees.—A. I don't remember everyone.

Q. We will get a list.

Mr. WATSON.—Yes, my lord.

Q. Will you make out a full list during luncheon time, if you can?—A. Yes.

Q. Of all officers first, and then of all employees afterwards, do you see, so that we may have them?—A. Yes sir.

Q. Then we have 28 on this typewritten list.

Hon. Mr. CASSELS.—That list to be of any use would have to go back. There may be changes, the list of the present time may not be the same.

Mr. WATSON.—Quite so. This goes back to the beginning of 1904 and runs up to 1907, three years, my lord.

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—And at the present time you have in mind the names of seven officials and employees whose names are not on that list?—A. Then there is another one, Germain Belanger. There are certainly some others, but they are not all come into my memory. I will make out a list.

Q. Yes. Then what does Mr. Nolet do ?—A. He is an engineer on board the lightship. I think the *Red Island* lightship. He is not generally employed by us.

Q. He is not generally employed ?—A. No. He is paid by the captain, because these lightships are maintained by contract and the contractor has to supply his engineers and men.

Q. All right. But these engineers are paid for the outfitting. They are our employees while they outfit the ships in the spring.

Q. Now I will not be able to take quite as much time with each one as that. I just want to indicate their occupation. The next one is Mr. Ouellet?—A. He is in the same case.

Q. He is ?—A. A lightship engineer. I believe he was on the *White Island,* but I believe he is now on the *Princes Shore* lightship.

Q. Mr. LeBlanc ?—A. On the *White Island* lightship, now occupied as engineer.

Q. Captain Belanger ?—A. He was on the *Aberdeen* while in the employ, then he was on the *Champlain,* then he was on the *Montcalm.*

Q. Where is he now ?—A. He is suspended, his certificate has been suspended since the beginning of May, since the collison of the *Montcalm* with the *Milwaukee.*

Q. The next man ?—A. Paul Bolduc.

Q. Where is he?—A. I believe he is second engineer on the *Druid,* and now he has been appointed first engineer, but now he is actually suspended.

Q. Engineer on the *Druid* ?—A. First engineer on the *Druid.*

Q. Now, has the expenditure upon the *Druid* during the last two or three years been very large ?—A. No, sir.

Q. About how large?—A. Well, the *Druid* cost about $40,000.

Q. How much ?—A. $40,000.

Q. $40,000 a year ?—A. Yes.

Q. I would call that pretty large myself. That does not seem to you to be very large ?—A. Well, the *Champlain* is a smaller boat and cost much more than that on account of accidents.

Q. $40,000 a year ?—A. That comprises the whole, that is not expenditure in connection with the engines, but it is the maintaining of the ship and the repairs and everything.

Q. That will do. Then Mr. Van Koenig?—A. He is on the *Arctic.* He is chief engineer on the *Arctic.*

Q. And Mr. Joseph Lemieux ?—A. Joe Lemieux, he was on one of the ships, I don't remember which.

Q. Where is he now ?—A. He is out of the service now entirely. For the last time I remember he was on the *Rouville.* He has been employed at Sorel.

Q. When did he leave the service ?—A. I think a year or so ago.

Q. Are all the others you have named still in the service ?—A. Except Belanger and Bolduc.

Q. That was for other causes not in connection with these matters ?—A. Not in connection with these matters.

Q. Well then, G. Belanger ?—A. G. Belanger ?

Q. Yes ?—A. Is that Germain ?

Q. I suppose.—A. Where is he, he is not there.

Q. Yes, he is here—he is not in the 8, that brings it down to 7, where is he?—A. He is employed actually.

Q. In what service ?—A. He is in charge of the gasworks.

Q. In the city ?—A. For our department at the agency.

Q. Captain Koenig ?—A. He is Captain of the *Druid* and inspector of lights.

Q. We have had him before.—A. For a certain district, yes.

Q. And Mr. O'Farrell ?—A. Inspector of lights for a certain district.

Q. Still there ? And Mr. Pettit ?—A. He was the English guarantee engineer who came out with the *Montcalm.*

Q. Where is he from?—A. From Scotland.

Q. Pettit, I see. And he is still in the service?—A. No, he was in the service until Mr. Prefontaine took charge, the first of April, 1905, I think.

Q. The first of April, 1905.—A. April, 1905, or 1906, I cannot say exactly.

Q. Then he left the service?—A. He left the service.

Q. He is out of the service?—A. He is out of the service.

Q. Then the next one?—A. R. Filteau, he is actually employed by day labour.

Q. Whereabouts?—A. Under Mr. Dufour.

Q. That is in the blacksmith's shop?—A. Yes, he is an engineer.

Q. Tasker?—A. He was a guarantee engineer that came out from Scotland with the *Champlain.*

Q. I see. Is he in the service now?—A. No sir.

Q. Gagne?—A. L. Gagne, he is foreman carpenter.

Q. Still in the service?—A. No, suspended.

Q. When?—A. Yesterday.

Q. Oh yesterday, I see. Mr. Samson?—A. Mr. Art. Samson.

Q. Is that Mr. Samson of Samson & Filion?—A. No, I think he is engineer on the *Druid.*

Q. Still engineer?—A. Yes, I think so.

Q. Mr. Leitch?—A. He was the second engineer under Mr. Stewart on the *Aberdeen.*

Q. Still in the service?—A. I believe so. He is in Halifax now.

Q. Is he?—A. Yes.

Q. No doubt we will see him when we get there. Jos. Ferguson?—A. I never knew that party.

Q. Is he in the service?—A. No sir, there is no Ferguson in the service. I think he must have been with the *Aberdeen* or something like that, but it is before my time, I never knew him.

Q. Therriault?—A. Therriault is the chief engineer of the *Champlain.*

Q. Is he still in the service?—A. Yes sir.

Q. Then there is a Mr. Schmidt, a large sum opposite his name, $1,775?—A. I wish I had them.

Q. Where is he?—A. I think he is on his way to inspect the *Champlain.*

Q. Still in the service?—A. Yes, inspector of government steamers.

Q. Joseph Fontaine?—A. He is chief engineer of the *Montcalm.* He is actually sick.

Q. Still in the service?—A. Still in the service. He is not on board the ship because he was sick when the ship left.

Q. Beauchemin, what is his first name?—A. Alfred Beauchemin. We have a man called Alfred Beauchemin, I don't know whether that is the party.

Q. Is he in the service, the one you speak of?—A. Yes, he is superintendent of dredging, I think below Quebec, in charge of the dredging plant below Quebec.

Q. I guess that is the one, $1,075?—A. I couldn't tell you sir.

Q. Is there any other Beauchemin excepting he?—A. In the service?

Q. Yes. A. Not that I know in Quebec.

Q. The next is Joseph Belanger?—A. Joe Belanger?

Q. Yes?—A. I don't remember that party.

Q. You don't remember him?—A. Yes, there is a Joe Belanger on the *Constance.* Chief engineer of the *Constance.*

Q. Still in the service?—A. I believe so.

Q. A. Roy?—A. There are two Roys, I know one was the inspector of agencies previously, and one was clerk of the works in the office, in the Quebec agency.

Q. Are they both in the service yet?—A. I believe Mr. Alfred Roy was the inspector of agencies and resigned on the first, that is his resignation took effect on the first of June.

Q. This is not the one that was at Sorel? We heard of one there.—A. The one I speak of has been at Sorel for five or six years.

Q. Was he not on board the *Princess,* five or six years?—A. There is one engineer on the——

Q. On the *Princess*?—A. On the *Princess;* but there was one that was on the——

Q. Take the *Princess* now?—A. They are exactly the same, I don't know which is which, the same initials.

Q. Then Mr. J. L. Richard?—A. J. L. Richard, he is the assistant to Mr. Schmidt for the Province of Quebec.

Q. Assistant to Mr. Schmidt?—A. Assistant Inspector of Fog Alarms.

Q. I see. Then Captain McGough—still in the service?—A. Yes.

Q. We have heard of him.—A. Yes, he is acting master—not acting master, but sailing master of the *Canadienne.*

Q. Then there is Eugene Belanger.—A. I don't remember him.

Q. Is he in the service now?—A. I don't know of any Eugene Belanger.

Q. Now, according to this statement these 28 officials and employees during the three years, apparently, received from Mr. Drolet a total sum of $9,342. Have you as accountant of the branch, any idea what these payments would be made for?—A. I don't know exactly what they would have been for.

Q. You don't know exactly.

By Hon. Mr. Cassels:

Q. Are they entered in your books?—A. No sir, no entries. I never had knowledge of such a thing.

Mr. WATSON.—Well, I thought you knew everything there.

Hon. Mr. CASSELS.—He does not know this class of thing.

Mr. WATSON.—I see.

Q. You know of things in the regular course?—A. Yes, those that went in the regular course in the office, I don't say that I know everything but I have a good idea of what has been done, but those things I never heard anything about. I could not presume such a thing could have been done, I never had any knowledge of it at all.

Q. Never any knowledge?—A. Nor any knowledge that it could be done.

Hon. Mr. CASSELS.—Mr. Watson, I would like this witness to clear up what he was telling about the lightships. I understand from the witness that the maintenance of the lightships is by contract.—A. The upkeep of a lightship on the station is given by contract.

Q. And the men are fed?—A. The men are fed and the wages paid by the contractor.

Q. And all repairs?—A. All the repairs, but the department is obliged to put the lightship in perfect condition, and then the keeper, the contractor, has to paint it and keep it in order, but any accident or any heavy repairs have to be sustained by the lightships.

Q. But the maintenance and the feeding of the crew.—A. And the keeping of the station, exhibiting the light and the fog alarm, is by contract.

By Mr. Watson:

Q. Now, Mr. Mailloux, I have a typewritten copy of a statement from the head office of the department in Ottawa, showing a statement of expenditure for Quebec for the three years, 1904-5, 1905-6 and 1906-7, and taking these separately, for 1904-5 I have there Agency $11,985.—A. Yes sir.

Q. What does that represnt, the Agency?—A. This represents the salary of the agent.

Q. And the employees?—A. Not all the employees; the employees that are appointed by order in council.

Q. I see, limited to that.—A. Limited to that; and for instance, the Inspector of Lights salary is not charged to this agency, but against Lights Salary, P. Q. And then there is maintaining———

Q. Wait, don't anticipate, because the next item is 'Salaries and Maintenance,' in round figures $261,000.—A. Yes sir.

Q. What does that include, because we have salaries there again?—A. This includes the salaries of all the light-keepers.

Q. Yes.—A. And the salaries of the lightship keepers by contract, and then all the salaries of the employees that do the work.

Q. In the lightships?—A. In the lightships and on the premises at different places, and all the material for the repairing and the keeping of the different stations.

Q. That is the maintenance of the lightships?—A. And the stations and the fog alarms, and so forth.

Q. And the next item is 'Construction' $447,000.—A. Yes.

Q. What does that mean?—A. That means all the new stations that are built.

Q. During the year?—A. During the year, and comprises material, wages, salaries of officers, and then the apparatus that has been forwarded.

Q. Quite so. Then under whose supervision is that money expended for construction purposes?—A. Under Mr. Parent's supervision, that is here in Quebec, all accounts.

Q. Then the next is 'Beaujeu Bank.' What does that mean?—A. I think that is a contract that was given to erect that pier there.

Q. Oh, I see.—A. The contract was given by Mr. Griffin, and——

Q. Does that represent expenditure for that pier ?—A. Very likely.

Q. Then the next is 'Fisheries,' $6,769. What is that in respect of ?—A. That seems to be for either the *Princess* or the *Canadienne* when she was under the Protection Service, the Fishery Protection Service. All the repairs, outfitting of the ship, the wintering and so on were made, and the accounts went through our agency, but we had no other control of the expenditure except that.

Q. Then there is 'Fish Breeding,' $14,000.—A. I never had anything to do with that.

Q. How does that come into this agency ?—A. That must be a mistake.

Q. You think so ?—A. I believe so.

Q. I see. The same item appears for each of the other years.—A. Fish breeding?

By Mr. Perron :

Q. Fish delivered in your agency, fry?—A. I never had anything to do with it.

By Mr. Watson :

Q. You do not understand. Do those items appear in your books ?—A. No, sir.

Q. No such accounts ?—A. I never had any accounts for fish breeding. Fisheries ? I understand by the account here that it might be for the *Princess* or the *Canadienne,* but fish-breeding, we have no accounts, no accounts have ever gone through our agency.

By Hon. Mr. Cassels :

Q. Who looks after Tadousac and two or three other places?—A. I am not aware, Mr. Justice.

By Mr. Watson :

Q. Then the next item is 'Dominion Steamers,' $83,000.—A. This comprises steamers that are——

Q. What steamers?—A. The *Montcalm, Druid, Champlain,* and at the time I think, and since 1904 and 1905—I think the *Aberdeen* was here in 1904 and 1905. The *Montcalm* was not here, the *Montcalm* came in December, 1905.

Q. What about the *Arctic,* is not that one of our ships ?—A. Not absolutely one of our ships, not done under our control.

Q. We have heard of a very large amount to fit that up.—A. Expended in the fitting out and the material put on board.

Q. Did that take place in Quebec?—A. Lots of materials have ben put on board in Quebec, the accounts went through our agency.

Q. Have you personal knowledge of that expenditure then as the *Arctic*?—A. Personal knowledge of all the expenditure? Well, I saw the accounts, not all, but part of the accounts.

Q. Have you in your books a record ?—A. All the entries made in our books are recorded there for the *Arctic*.

Q. Let me see your book containing the *Arctic* entries?—A. Those are in the steamer ledger.

Q. What exhibit is marked here ?—A. Exhibit 126.

Q. What page ?—A. 140.

Q. That is during what period—this is from 30th of June, 1904.—A. To 30th of June, 1906.

Q. That is only two years ?—A. Two years.

Q. Then did she leave your district, or is she here yet ?—A. She is not here, but I think she left during that time.

Q. During that time what was the total expenditure in connection with that ship ?—A. The whole period ?

Q. Two years. It is not an awfully long time.—A. I could not make it out.

Q. You have not got it added up ?—A. Just a minute, please.

Hon. Mr. CASSELS.—Is that just in regard to the *Arctic* that account ?

Mr. WATSON.—Yes, my lord. In passing I wanted that.

Q. Have you added it up ?—A. It comes to $88,702.72.

Q. For the *Arctic* for two years, an expenditure of $88,000 odd, is that right ?—A. Yes, sir.

Q. That is just in maintenance, is it, provisions and maintenance?—A. No, that comprises salaries and the greater part of the accounts which were put on board passed through our agency.

Q. It would not want many ships like that to sink a nation.

Hon. Mr. CASSELS.—What page is that with the *Arctic* account?

Mr. WATSON.—We will have some reference to that after, my lord.

Q. Then the next item is 'Fish Service.'—A. Fish Protection Service.

Q. Yes, $15,900.—A. Well, this is more what I thought fisheries were. Fish and fish breeding, we have nothing to do with it as far as we are concerned.

Q. Well, have you to do with this Fish Protection Service?—A. Well, as far as the outfitting of the steamer is concerned, either the *Canadienne* or the *Princess*.

Q. You have not got the bank-books here yet?—A. No.

Q. Then the other years are practically the same classes?—A. Yes.

Q. That shows a total expenditure of $935,000 for that department?—A. I am sure it did not pass through our books. I was there and it did not pass through our books.

Q. Have you got the bank-books?—A. We will not be able to have those until after lunch?—A. Very likely, Mr. Watson.

Q. Then you have the bank-books and some other books that you have not produced?—A. Yes, petty cash.

Q. What else?—A. I have the petty cash, I can produce the cheques, I have those on the advance account.

Q. I want all those.—A. And I have the stubs of those very same cheques.

Q. I want them all, please.—A. And I have the book in which they were entered.

Q. I want that.—A. And I have the petty cash-book. I want it still, I may have some entries to make. Will you have to keep it here, my petty cash?

Q. No, don't be uneasy.—A. I just want to know.

Q. Not long anyway. Will you have those here at a quarter past two?—A. Yes.

Mr. WATSON.—Will that suit your lordship?

Hon. Mr. CASSELS.—Yes.

Q. Mr. Mailloux, when was this entry put in, $15,424?—A. That was put in on June 30, 1904. I think it is in the preceding fiscal year.

Q. But there is an addition at the foot for the whole of that column, and it does not show that item.—A. The changes of years, Mr. Justice, this is in the fiscal year, 1903-4.

Q. That went into the previous year?—A. The previous year. And then this is for the next fiscal year beginning July 1.

Q. It just struck me as if you had not added up the $15,424.

(Adjourned at 12.50 p.m. to 2.15 p.m. and then resumed).

Hon. Mr. CASSELS.—I spoke to the Senator to-day that we cannot hold court on Monday. If I sit to-morrow it would only be for two hours and a half, for I must be in Ottawa, so I think it will be better to adjourn from half-past four this afternoon to Tuesday morning. I have cancelled all my engagements for Monday and will leave Ottawa Monday afternoon so as to be here Tuesday morning.

Mr. WATSON.—I think that is right. I am very glad your lordship has reached that conclusion, and I think it will meet the convenience of everyone. As it appears now, I have not any doubt that we will be able to conclude here at Quebec by the end of next week.

Hon. Mr. CASSELS.—Of course, if I felt by sitting on Monday we could do any good, and counsel agreed, I would do it, but I do not think it is right the court should sit on Thanksgiving Day.

Mr. WATSON.—Your lordship will still have five days.

Hon. Mr. CASSELS.—Yes. We will sit longer if necessary.

Senator CHOQUETTE.—I have not the least objection, your lordship.

Hon. Mr. CASSELS.—Then we will adjourn this afternoon till 10.15 Tuesday morning.

Mrs. EMMA MUIR sworn.

By Mr. Watson:

Q. Mrs. Muir, you are a daughter of the late Mr. Blakiston?—A. Yes.

Q. And Mr. W. B. Blakiston is your brother?—A. W. R.

Q. W. R. Blakiston is your brother? Your father died in 1906, wasn't it?—A. Yes.

Q. About the end of the year?—A. Yes, December.

Q. December, 1906. You were there helping him all you could?—A. Yes.

Q. For some time in the business?—A. Yes.

Q. Were you then married?—A. I was a girl at one time.

Q. I am sure you were.—A. Well, I began before I was married.

Q. That is all right. And you continued on after you were married to help him all you could?—A. Yes.

Q. And you used to keep the books for your father?—A. Well, the way that he kept them, you know.

Q. Yes. And did you keep them on for your brother after your father's death?—A. Just for a short while.

Q. Just for a short time? And these two books are the ones that are now produced to us containing references to your father's business. This is the book of your father's business, is it?

Hon. Mr. CASSELS.—What is the Exhibit, Mr. Watson?

Mr. WATSON.—This is Exhibit 101, my lord.

Q. That is the one of your father's business, is it?—A. Yes.

Q. I see this says W. C. Blakiston—A. That is my father's initial.

Q. And Son, W. C. Blakiston & Son?—A. Yes.

Q. Your brother was in partnership with the father before he died.—A. Just about a year before father died, about that.

Q. This starts in 1905?—A. Yes.

Q. Where is the book before this, do you know?—A. No, because I know my mother destroyed all the books when father died.

Q. Did she?—A. Yes.

Q. Is this your writing on the first page?—A. Yes sir.

Q. Very good writing. This is 'Expenses paid by W.C. Blakiston.' This is the disbursement part of the business?—A. Yes. He didn't have a real set of book-keeping, I just simply put in at his dictation.

Q. You put it down just at his dictation. It was not a regular system of book-keeping?—A. No regular system.

Q. This seems to go into matters of detail.—A. Yes, those are all his expenses.

Q. Just expenses?—A. Yes.

Q. Then who is Garneau?—A. That must be the wholesale merchant.

Q. A wholesale merchant, is it?—A. I think so.

Q. Then we come over here to 'Quarantine Stations, Marine Department.' This is the account with the steamer *Montcalm?*—A. Yes.

Q. Entries of goods sold to them, is it, apparently so. And then there is 'The Upper Traverse Pier,' then there is the *Druid.* Now, I am come to another part, there is a lot of Marine Department here. Then there seems to be a mix-up. Then on page 36 there is the Marine Department. Is that your handwriting?—A. Yes.

Q. Let us look at the top, $4,270.07.—A. Yes.

Q. Then 10 per cent written there (indicating).—A. Yes.

Q. Then you deduct $420 from the $4,270?—A. Yes.

Q. Why was that ten per cent taken off there?—A. Oh, I don't know. He simply told me to put it down, and I did.

Q. Have you any idea why?—A. He never told me what it was for.

Q. Did you know anything about what it was for?—A. No, he never spoke to me about that.

Q. Evidently the whole amount of the account represented by this was $4,270, and there was evidently a disbursement or reduction or rebate of $420. That is right, is it not?—A. Yes.

Q. You do not know why that was made. Do you know to whom that $420 was paid, if it was paid at all?—A. No, I don't know.

Q. You don't know?—A. No.

Q. Did he pay money by cheque, did he make payments by cheque?—A. Not that I am aware of.

Q. How did he pay, he had a bank-account?—A. Yes, but I don't know anything about that. He paid himself.

Q. You do not know about the bank-account?—A. No.

Q. You had nothing to do with that?—A. No, nothing at all.

Q. You see, there is 'Marine Department, 10 per cent,' and that is followed in a practical way by taking off 10 per cent, showing a disbursement made, and then we come down again to the *Montcalm,* that is the ship, then there is 10 per cent there again. You see, that looks clear, does it not? Then what about the *Druid?* Is there another 10 per cent off for that, don't you see that?—A. No, I don't know what that was for.

Q. You don't know all that?—A. No.

Q. Do you know anything about the financial arrangements?—A. No, nothing at all.

Q. Nothing at all. You do not know anything about the banking account?—A. No, he did that himself, I guess.

Q. He did that himself ?—A. Yes.
Q. Who is Alleyne ?—A. That was a sailmaker.
Q. A sailmaker ?—A. Yes.
Q. Who is Doyle ?—A. He is a hardware dealer, I think, on Peter Street.
Q. Who are 'W. C. and W. R., wages,' your brother and yourself ?—A. No, that as my brother and my father. I think they were going into partners then.
Q. I see. 'W. C. and W. R., wages, $839.80.' He is reaching a result there. You have not any personal knowledge of that?—A. No, none whatever.
Q. And did you ever see Mr. Gregory ?—A. No. I have known him by sight, but I have never met Mr. Gregory.
Q. Did you go up to his office at all ?—A. No, never.
Q. Mr. Gregory was not at your father's office ?—A. I never saw him there.
Q. Never saw him there ?—A. No.
Q. What are these at the bottom here, for instance, these entries ?—A. That is my father's writing.
Q. That is your father's writing—A. Yes.
Q. You cannot explain it ?—A. No.
Q. Is this your father's writing on pages 84 and 85 ?—A. Yes.
Q. And you cannot explain this?—A. No. He always wrote that himself, he saw to the financial business himself.
Q. There were evidently a good many transactions going on with Mr. Gregory ?—A. Not that I am aware of.
Hon. Mr. Cassels.—She knows nothing of what the books contain.
Mr. Watson.—Apparently not. She knows the entries here, but cannot explain them.
Hon. Mr. Cassels.—They were entered from dictation, that is all she knows about it.
Witness.—Exactly.
Mr. Watson.—Then afterwards, in your father's business, did you learn anything more about that, did you have any more knowledge than when your brother started after your father's death ?—A. No, it was just the same thing.
Q. Is this your handwriting?—A. No.
Q. Whose is that ?—A. That is my brother's writing.
Q. Is there any of your own writing in this ? That is yours (indicating) ?—A. Yes.
Q. That is yours, 1907 ?—A. Yes.
Q. And did you know anything about any of those items, or was it just in the same way ?—A. Just the same way. He told me what to write from his dictation, and I put it down.
Q. Just that. So that you are not able to help us any at all ?—A. No.
Q. About particulars or information ?—A. No. Father never used to speak to me about his private affairs.

By Hon. Mr. Cassels :

Q. Can you tell us what bank he kept his account in ?—A. It was the Merchants' Bank.

By Mr. Watson :

Q. The Merchants' Bank ?—A. Yes.
Q. Well, I am much obliged to you, Mrs. Muir. I am sorry you cannot give any more information.
Hon. Mr. Cassels.—No questions, I suppose?
Senator Choquette.—No.

P. J. Mailloux recalled.

By Mr. Watson:

Q. Now, what have you brought with you, if you please?—A. My petty cash account.

Q. This next book is the petty cash account book?

(Marked Exhibit 128.)

Q. And the index here is of accounts for what?—A. The *Arctic.*

Q. And then accounts paid by whom?—A. By me for the *Arctic.*

Q. Advances to crew of *Arctic?*—A. Yes.

Q. Accounts paid?—A. By me.

Q. And loans and advances $25?—A. Yes.

Q. This book is kept by you?—A. Yes sir.

Q. As accountant in the department?—A. Yes sir, for all the——

Q. Listen. It is an official record?—A. Yes sir.

Q. Belonging to the department?—A. Yes sir.

Q. There is nothing personal about this?—A. No sir.

Q. A strictly departmental record?—A. Yes sir.

Q. What else have you got?—A. Well, here, as I told you this morning, since the first of April, the first of July, 1907——

Q. 1907, the cheque-book.—A. The advances were separate. Here are the stubs of the cheques.

Q. Wait, please. You produce a cheque-book commencing the first of July—the 3rd of June, 1907, it runs to the present time.

(Marked Exhibit 129.)

Q. And this shows advances made?—A. Showing advances of from four to five thousand dollars.

Q. To different parties in the department?—A. Yes sir.

Q. That is on the Bank of Hochelaga?—A. Yes sir.

Q. And what is the next book?—A. This is the account of the cheques.

(Marked Exhibit 130.)

Q. This is the book containing the records of these cheques?—A. Of all these cheques.

Q. And anything else?—A. No. The account received and the account presented.

Q. Beginning at the same time?—A. Yes sir.

Q. This begins November 11, 1907?—A. June.

Q. You are right.—A. A cheque for $5,000 was deposited.

Q. Yes. Now, where are the cheques before this last one?—A. They are Mr. Gregory's private ones.

Mr. Gregory.—I will give it to you.

By Mr. Watson:

Q. Mr. Gregory's books. Now, what is this book you now produce?—A. The Hochelaga bank-book.

(Marked Exhibit 131.)

Q. Commencing at the same time?—A. Covering all that period.

Q. But where is the bank-book for the other items of account, are there any others?—A. Bank-books?

Q. Yes.—A. I had no other account besides that, Mr. Watson.

Q. No other account besides?—A. Besides this and my petty cash, which never went into the bank. I had no bank book for the petty cash. The amount I keep on hand of cash I have either receipts or the money in cash for it.

Q. Then the bank book containing the account for June, 1907, Mr. Gregory has?—A. Has.

Q. For himself personally?—A. For himself personally. They were his own personal cheques that were issued.

Q. And did you make entries in those books?—A. Yes, I did.

Q. Then as accountant for the department, you kept his personal accounts?—A. Well, not personal accounts. Those were——

Q. Well?—A. They were not.

Hon. Mr. CASSELS.—I understand that account the witness is now referring to, prior to June, 1907, is an official account, but kept by Mr. Gregory himself.

Mr. WATSON.—No.

Hon. Mr. CASSELS.—No? I rather gathered the moneys were disbursed by himself.—A. It is an account of the advances made to the agent, and as Mr. Gregory handled those advances, except $11,000 to $15,000 handed over to me for petty cash——

Senator CHOQUETTE.—I am ready to produce this book, it is a kind of semi-official book.

By Mr. Watson:

Q. Mr. Gregory produces another book in your handwriting?—A. Yes, the greater part is in my hand writing.

(Book marked Exhibit 132.)

Hon. Mr. CASSELS.—When does that begin, Mr. Watson.

By Mr. Watson:

Q. This begins at what time?—A. In September, 1905.

Q. September 25th, 1905?—A. September 25th, yes.

Q. Where is the one before that, please? You have not the one before this?—A. No, there was one before——

Q. Wait, please. Have you the other bank-books?—A. Here are now the cheques referred——

Q. Can you definitely make any other productions now?

Mr. GREGORY.—I have have private bank books that will come in, in my defence.

Mr. WATSON.—You do not want to produce them now?

Mr. GREGORY.—No.

By Mr. Watson:

Q. Then these are?—A. The cheques covered by the cheque-book produced there and the bank-book and the book produced. They are all the cheques except two or three which have not been received back from the bank.

Q. What else?—A. I think that is all you asked me for.

Q. What else have you got that I did not ask you for?—A. We have a few more books in the office.

Q. Have you?—A. Yes.

Q. Bearing upon the system?—A. No sir.

Q. What do they bear upon, if they do not bear upon this system?—A. We have some books since this year, the actual year.

Q. Before that?—A. I think the books produced cover the whole of the transactions.

Q. Well, are there any other books that appertain to the accounts of Mr. Gregory or any other officials, or any disbursements by the department?—A. No sir.

Q. Or receipts by the department?—A. I don't think there are any, at least I don't remember of any actually there.

Mr. WATSON.—Then, my lord, I think it will be appreciated that these books and documents which have now been produced may, and should, have a very important bearing upon the matters being investigated and inquired into, and I feel with my learned friend, Mr. Perron my lord, that in order to give your lordship the best assi tance possible, we should take advantage of the production of the books now to

make some personal investigation for ourselves before proceeding further with the evidence of Mr. Mailloux. We want to get the most reliable information out of these books in order to apply the evidence in a prompt and accurate way.

I do not know, my lord, whether we will be able to unravel anything further, because, so far as the evidence goes or bears upon the matter the chief system in the department here seems to have been a system of bribery and boodle and corruption. However, my lord, we will pursue that further.

Senator CHOQUETTE.—I beg your pardon. I think, your lordship, it is not right to use those expressions.

Hon. Mr. CASSELS.—I think the language should not be used.

Senator CHOQUETTE.—I do not think it should be used in the face of the position onw, brobery, boodle, corruption. The facts are there, and it is not fair that this should appear in the newspapers. I most strenuously object to those expressions.

Hon. Mr. CASSELS.—Yes, they ought not to be used at this stage.

Mr. WATSON.—Why not, my lord?

Hon. Mr. CASSELS.—What Mr. Watson meant to say was that the evidence given this morning, if not refuted, would show that condition of affairs.

Senator CHOQUETTE.—Exactly, but I think we are in a position to refute the evidence. If not, then it will be time enough for the expressions.

Hon. Mr. CASSELS.—That is all Mr. Watson intended.

Mr. WATSON.—This evidence, of course, from Mr. Drolet, shows those large payments, those very large payments.

Hon. Mr. CASSELS.—I know. These gentlemen who are charged by Mr. Drolet, if the case closed now, there is no question on Mr. Drolet's evidence, they have been guilty of taking bribes; nevertheless these men may come in here and thoroughly explain their actions.

Senator CHOQUETTE.—Exactly.

Mr. WATSON.—So far as the evidence now shows, quite so, my lord.

Hon. Mr. CASSELS.—Well, you have three days meanwhile to look into it.

Mr. WATSON.—Yes.

Q. Then will you be kind enough to be here on Tuesday morning, Mr. Mailloux ? —A. Yes.

Q. At half-past 10 o'clock, then I can conclude my examination.

Mr. WATSON.—My lord, I am not able to conclude with his direct examination until the Commission resumes on Tuesday morning.

Hon. Mr. CASSELS.—Go on with another witness in the meantime.

Mr. WATSON.—Yes, my lord. My learned friend, Mr. Perron, will continue the examination of one or two of the witnesses already called, Mr. Drolet and Mr. Lemieux.

Senator CHOQUETTE.—I just wish to say, your lordship, I am very sorry I am unable to cross-examine this witness, I understand I cannot until his examination is concluded. I just wish to say for the present, because three days will go on before we are in a position to put before the court the official documents, letters and telegrams explaining the whole thing as far as we are concerned, I just wish to make this statement in order that the press——

Hon. Mr. CASSELS.—So far as I am concerned you will have the fullest opportunity.

Senator CHOQUETTE.—Yes. But just for the papers——

Hon. Mr. CASSELS.—I am not responsible for the press.

Senator CHOQUETTE.—I know. But I feel on behalf of my client I ought to say ıst these words, we are in a position to put before the court evidence explaining the hole thing as far as we are concerned.

Mr. WATSON.—That will do now, Mr. Mailloux.

(Henry Lemieux recalled, Examined by Mr. PERRON).

QUEBEC, Tuesday, November 10, 1908.

Commission resumed at 10.15 a.m.

JAMES HOLLIDAY Sworn,

By Mr. Watson :

Senator CHOQUETTE.—I suppose my learned friend wishes to hear Mr. Holliday)w ?

Mr. WATSON.—Yes.

Senator CHOQUETTE.—Then I would suggest this, your lordship, that when a itness is taken in hand his examination as far as possible should be concluded. It very difficult to take up the cross-examination where several witnesses are called ıd only partly examined.

Mr. WATSON.—Pardon me, my lord. I am asking for Mr. Holliday this morning erely for the purpose of production of books. I am not going into his examination.

Senator CHOQUETTE.—You see, if you begin with a witness and then adjourn his amination, it makes it difficult for me to cross-examine, I cannot follow the *ıquete* closely when four or five witnesses are only partially examined.

Mr. WATSON.—I will help you all I can.

Hon. Mr. CASSELS.—Mr. Watson is responsible for the conduct of the investiga-)n. I do not think you will find he will inconvenience you.

Senator CHOQUETTE.—Yes. I wish my learned friend to remember that under ıe circumstances it is very hard for me to cross-examine the witness.

Mr. WATSON.—I am doing everything I can to facilitate you.

Senator CHOQUETTE.—I understand the *enquete* is in the hands of my learned iend, my lord, but I just wished to make this remark.

By Mr. Watson:

Q. Mr. Holliday, you are of the firm of Holliday Bros?—A. Yes sir.

Q. Doing what kind of business here at Quebec?—A. General merchants.

Q. General merchants?—A. Yes; that is we are engaged in shipping and also salmon fisheries, &c., fish business.

Q. I observe that during the last three years you have had a very considerable count with the Department of Marine and Fisheries, amounting to about $45,000. have asked two or three times now, Mr. Holliday, to have the production of your)oks, but I have not had them. I hope you have got them with you this morning?—. They were here on Friday morning, and we took them away on Saturday morning.

Q. Were they?—A. Then will you be kind enough to produce them now?—A. es sir.

Q. Have you a book-keeper?—A. Yes sir.

Q. What is his name?—A. Philip Payn.

Q. How long has he been with you?—A. About six or seven years.

Q. Six or seven years?—A. Yes sir.

Q. Have you an assistant book-keeper?—A. No.

Q. He alone keeps the books?—A. He alone keeps the books.

Q. He is the only one?—A. He is the only one.

Q. Do you take part in the keeping of the books?—A. No sir.

Q. Can you undertake to have him attend, or had we better subpoena him?—A. He will attend. He is here now.

Q. I assume Mr. Holliday, that you have a reasonably accurate and regular system of book-keeping?—A. Well, it is a very simple way. We have a system.

Q. It may be all the better because simple. Let me see your ledger. A. (WITNESS produces ledger).

Q. This is a ledger commencing October, 1901, and according to the entries in it continues to December 31, 1908.

(Marked Exhibit 138.)

Q. Will you let me see the next one, please?—A. (WITNESS produces another ledger).

Q. This one commences January 1, 1907, and goes up to the present time, no doubt?—A. Yes.

(Marked Exhibit 139.)

Q. Journal?—A. We haven't any journal.

Q. What?—A. We haven't any journal.

Q. Day-book?—A. We have cash, we haven't any day-book.

Q. No day-book?—A. No, cash only.

Q. Cash-book?—A. This is the first one here. (Producing).

Q. Yes, I observe this commences on May 30, 1902, and purports to extend to January 5, 1907?—A. Yes.

(Marked Exhibit 140).

Q. Annd the next one is from January 7, 1907, to the present time, I presume?—A. Yes.

(Marked Exhibit 141).

Q. Let me see the other books of record, apart from these ledgers and cash-books?—A. We haven't anything except diaries.

Q. Let me have them, please?—A. The dairies and bill-books.

Q. Let me have them, please?—A. Thhe dairies and bill-books. I don't know they will be of any use. (Producing).

Q. 1907, 1906, 1905. Will you let me have 1904, please?—A. We haven't got it here, sir.

Q. Will your book-keeper get it for you, please?—A. Yes.

Diaries marked (141 a. b. c.)

Q. Your book-keeper will get it?—A. Yes. Do you want it immediately?

Q. Oh, in the course of an hour will do. The other books of record, Mr. Holliday, please?—A. Those are books with copies of the accounts. (Producing).

Q. You do not call it a letter-book, but an account-book?—A. Yes, it is both.

Q. A letter book and an account-book?—A. A letter-book and an invoice-book.

Q. This is from May first, 1907 to October 7th, 1908. July 6th, 1904 to October 11th, 1905. This is marked 'Steamers.'—A. Yes.

Q. What does that mean by 'Steamers?'—A. Because we had two. We have our different businesses, we have our salmon fisheries as well as our steamers, and don't mix up the two.

(Letter-book and account-book marked Exhibit 142).

Q. You own steamers?—A. Yes, three.

Q. But the accounts are not in this; they are in those books, are they?—A. I do not know, I am sure. Any accounts with the steamers are in all those books, every account is copied before it leaves the office.

Q. This is not quite a complete record. It is the second one that commences November 9th, 1905.

(Marked Exhibit 143).

Q. And the next one commences May first, 1907. There is an interregnum there. (Marked Exhibit 144).

Q. The accounts of 1906 will be in the same book. I presume it is from one time to another.

Q. Well, there is a considerable period between.—A. The accounts will be in. (To book-keeper). How do account for that Mr. Payn?

Q. You will have to make a search for this.—A. We have given all the books that the accounts of the Marine and Fisheries will be found in.

Q. But I want all the books. What is that?—A. That is another account-book or invoice-book.

Q. You do not know the periods of this?—A. That runs for several years. (Marked Exhibit 145).

Q. Next.—A. That is all, sir, with the exception of our cheques and stubs.

Q. Let me have them please?—A. (Produces).

Q. Have you gone over these lately?—A. Well, some of them. We had to go through them in order to know what we had.

Q. Yes. You have examined these stubs?—A. No sir, no.

Q. What did you go through them for?—A. To see they were all right from year to year. There is still one missing. There is that of 1905, I think from February to the time we transferred our account from the People's Bank of Halifax. When they amalgamated with the Bank of Montreal we took our business to the Hochelaga Bank. That other one is missing as well as our pass-book.

Q. Where is it?—A. I don't know where it is.

Q. Both the cheque-book and the pass-book missing?—A. No; the cheques. We have the stubs, we have not got the cheques.

Q. You have all the stubs —A. The stubs are there, I believe.

Q. Have you got the cheques?—A. No. These cheques are missing, from February up to first July.

Q. February 1905?—A. February 1905.

Q. What bank?—A. The People's Bank of Halifax.

Q. Have you inquired?—A. They are amalgamated with the Bank of Montreal.

Q. Have you inquired of the bank?—A. No, we have not inquired of the bank.

Q. You will probably find them there.—A. No, we——

Q. Do you say these are all the cheques, apart from those during that period?—A. I believe, I don't know. I told them to get them all together. I don't know whether they are or not.

(Stubs of cheques marked Exhibit 146*a* to *h*).

Q. Have you personally compared these cheques with the entries in the cash-book?—A. No.

Q. Has your book-keeper to your knowledge?—A. No.

Q. It has not been done?—A. No.

(Bundle of cheques marked Exhibit 147).

Q. Then the next?—A. That is all, sir.

Q. What else is there there?—A. Nothing more, sir.

Q. Nothing else?—A. No.

Q. Where is the correspondence?—A. It is in that book with the accounts. He has not brought up our letter-book. He says we have very little correspondence. We will bring them up anyhow.

Q. It is not a question of quantity. I just want what you have.—A. Yes.

Q. Let us have those then. I want particularly the correspondence.—A. Yes. All letters with the Marine Department here in Quebec, Mr. Watson, are all in the books with the accounts.

Q. Yes, the correspondence with the department at Ottawa.

Mr. PAYNE.—That is all copied in these books, all press-copied in these letter-books.

By Mr. Watson :

Q. Let me have the other letter-books, if you please.—A. We have no other; that is all we have.

Q. I heard just now of other letter-books.

Mr. PAYNE.—We have letter-books belonging to the general business.

By Mr. Watson :

Q. I want those belonging to the general business ? What else is there belonging to the general business?—A. Nothing else that I know of. There are only our letter-books.

Q. Does your personal account appear in those books ?—A. No. That appears in the general book.

Q. I want that. Your personal account.—A. Yes.

Q. I want your personal account which appears in the ledger or the books. What else have you got ?—A. I don't know we have got anything else that I know of.

Q. Have you got a partner ?—A. No.

Q. Sole proprietor ?—A. Sole.

Q. Then the other books will show all the personal accounts besides your own. —A. Whatever transactions we have are all in our books.

Q. Then it will be necessary that I should have those, Mr. Holliday.—A. Very well, sir, you can have them.

Q. Let us have those, if you please, by 12 o'clock. Then it will be necessary for you to remain in attendance for a time until we have an opportunity of going over the books. Then, my lord, I will resume with Mr. Holliday. That will do for the present, Mr. Holliday.

Mr. WATSON.—Then, my lord, having regard to the observation of my learned friend, Mr. Choquette, I wish to say that my learned friend, Mr. Perron, and I have found it quite essential to depart from what is the ordinary course just for a few minutes this morning, for reasons which we regard as important and proper. We wish to call another witness. I am not able to say more about it this morning. I give my learned friend that statement by reason of the observation he has made.

Mr. LEMIEUX.—I have a motion to make to the court on behalf of Mr. DuFour, Mr. Gagne, Mr. Bolduc and Mr. Nolet. These gentlemen have received letters from the department suspending them from their positions and in this letter it stated that they will have an opportunity to come before your lordship to give reasons or evidence on their own behalf. I wish to ask your lordship if you will fix a date in order that they may have an opportunity of being called.

Hon. Mr. CASSELS.—Just the four ?

Mr. WATSON.—Yes, my lord. My learned friend was good enough to speak to me about it before your lordship sat this morning, and I told him that we had some matters pending which were rather urgent, but that we would accommodate him in every way possible, and we hope to be able to give his clients an opportunity either this afternoon or to-morrow morning, to come forward. We will see that no time is lost, my lord. And in connection with that the letter or notice that was sent by the chief agent here was a notice sent to these 28 officers and employees, informing them of the action of the Minister of Marine and Fisheries in directing their suspension, and that for the present was based upon the evidence that had been given before your lordship the day preceding; and it further gave them notice that your lordship would be sitting for some days, probably the whole of this week, perhaps longer, and that

if they desired to attend and be heard, to make statements and give evidence, the fullest opportunity would be accorded to them by us as counsel in charge of the evidence. So I take the opportunity, my lord, of stating this in order that it may also be well known to all of them that we will be very glad indeed to afford them every possible opportunity of being heard before your lordship in answer to the evidence that has been already adduced.

Hon. Mr. CASSELS.—As I understand it, you desire it should come on on a certain fixed date.

Mr. LEMIEUX.—Yes, my lord.

Hon. Mr. CASSELS.—Well, Mr. Watson, can you state it will be taken up on a certain day?

Mr. WATSON.—Well, my lord, my learned friend and I have had a very onerous task, and it is pretty difficult in view of events to arrange dates. If I arrange dates I do not know where we will be landed.

Hon. Mr. CASSELS.—You might say their evidence will not be taken up before to-morrow.

Mr. WATSON.—Quite so. To-morrow morning, probably. If you will inquire of us this evening, Mr. Lemieux, we may be able to give you further information.

Senator CHOQUETTE.—I suppose the whole of those gentlemen who have been suspended will have an opportunity of appearing and making a statement?

Mr. WATSON.—It applies to all of them.

Hon. Mr. CASSELS.—Mr. Senator, I understand the suspension does not imply guilt, but the statement having been made by Mr. Drolet, that being of a very serious nature, it became necessary to investigate the charges against these gentlemen, and it was thought proper—although I have nothing to do with that, that is out of my province altogether—but the Minister, no doubt, thought it proper that as those charges had been made the officials ought to be suspended pending the clearing up of the charges. Their suspension does not imply their guilt, of course.

Senator CHOQUETTE.—But the point I wish to make is this. Anyone of these suspended officials has the right to come before the court and explain his conduct, and I will take the very first opportunity to enable my client, Mr. Gregory, to make his own statement and to produce his books.

WITNESS' bank pass-book 1905 marked Exhibit 148.
" " 1907 " " 149.

ALLISON DAVIE sworn.

By Mr. Watson:

Q. Mr. Davie, you live here at Quebec?—A. Levis.

Q. And you are a member, I think, of the well known firm of George T. Davie & Sons?—A. Yes sir.

Q. The business was carried on for a very long time by your late father?—A. Yes sir.

Q. Then when did you enter into the business?—A. 1897.

Q. About 11 years ago?—A. Yes.

Q. And associated with you are your brothers?—A. Two brothers.

Q. Two brothers. Then let me ask you, did your father continue in the business after your association as a partner?—A. Well, he watched us and guided us in the business.

Q. Yes. He was interested in it, then?—A. Well, just as to watch us that we would go right you see.

Q. Oh yes. But what I want to know—perhaps it is not a matter of much importance—is whether or not he was financially interested in it to the time of his death?—A. Yes sir.

Q. He died quite recently, last year?—A. Last September.

Q. You mean of this year?—A. 1907.

Q. Your firm or house is one of very long and important standing in the community?—A. Yes sir.

Q. I observe that during the last three years your business transactions with the department amount in round figures to about $136,000?—A. About that.

Q. About that sum. Just speaking shortly, what is the character of your business?—A. Ship repairing and salvages.

Q. Ship repairing?—A. And salvaging or wrecking as they would term it.

Q. And I suppose you have been on the patronage list?—A. No, not on the patronage list.

Q. Not on the patronage list?—A. No sir.

Q. Well, you seem to have had a very large account, I see. Then, your transactions for the most part have been with whom, that is with what official?—A. They came from Ottawa through the Marine Department, here.

Q. Through Mr. Gregory?—A. Yes.

Q. Would the orders that you would receive be in writing or verbal?—A. Mostly by telephone.

Q. Mostly by telephone, I see. Just illustrate an order, for instance, by telephone, to do what?—A. To dock one of their vessels.

Q. To do what?—A. They telephone over for such and such a vessel to be docked.

Q. To be docked?—A. Yes, that is to be placed in dry-dock for repairs.

Q. And do you mean to say that an order of that kind would come by telephone message?—A. Yes sir.

Q. And that would be the only kind of communication or direction to you?—A. Well, sometimes they would call me over to his office and tell me.

Q. Well, work of that kind frequently would run up into thousands of dollars, that is placing in dry dock and repairing, would it not?—A. Yes, sir.

Q. Eh?—A. Yes sir.

Q. As much, sometimes, as ten or fifteen thousand dollars?—A. Yes, and more, for repairs.

Q. And do you mean to say that the only order or business direction you would get in respect of work and a contract of that kind would be by telephone communication or verbal communication from Mr. Gregory?—A. Yes; but they would never know until the ship was dry-docked and a survey held on her.

Q. What?—A. They would never know——

Q. To what extent repairs were necessary?—A. No, until the ship was dry-docked.

Q. Then did you have any understanding or arrangement fixing the prices you were to charge?—A. We charged the same prices we charged to anybody else.

Q. I did not ask you that.

Senator CHOQUETTE.—That is a good answer.

By Mr. Watson:

Q. It may be. I will ask you further, did you have and arrangement or understanding fixing the prices, that is with Mr. Gregory?—A. No sir.

Q. Following that up, for instance, fixing the prices that you would charge for labour, skilled labour or common labour, were not those fixed?—A. No sir.

Q. Then the extent of the work to be done, and the character of the work were both uncertain, and you say there was no arrangement or understanding as to the cost of labour or cost of material; is that so?—A. Sometimes we were called upon to make a contract.

Q. Yes.—A. They would have their own representative come down and estimate the repairs.

Q. Yes; but apart from that when no contract was made, then everything would be left open, I understand?—A. Yes, sir.

Q. No understanding or arrangement whatever?—A. No sir.

Q. You see, the reason I emphasize it is, that kind of work would always involve a certain amount of so-called common labour and a certain amount, no doubt, of skilled labour. You have not fixed the charges for your men?—A. Yes sir.

Q. With the department, with Mr. Gregory?—A. No sir.

Q. No. Then how often did you have a contract in writing, about how often? Once a year, just to lead you on to say?—A. I would have to refer to my books for that.

Q. I understand from your answering then that that was quite the exception.—A. Yes sir.

Q. Perhaps hardly worth mentioning?—A. Oh yes, sir.

Q. It was?—A. Yes sir.

Q. Then you have the contracts?—A. Yes sir.

Q. Will the books show?—A. Yes, the account-books will show.

Q. What?—A. Yes sir.

Q. Let me see, please?—A. There is only one, sir.

Q. Only one contract?—A. Yes sir.

Q. I made a pretty good guess after all, didn't I? Only one contract during the three years.—A. Just one minute, will you please?

Q. Who was the gentleman that you—A. Will you allow me just a minute, please?

Q. Yes.—A. Yes, that is right what I said just now.

Q. Just one contract during the three years. It was quite the exception then. And do you recollect what that was for?—A. Collision between the *Montcalm* and the *Milwaukee*.

Q. That was this year?—A. Yes sir.

Q. Oh, I see, that was during this year. Let me see that contract while we are about it, it may have a bearing upon others. Who is the gentleman with you?—A. My book-keeper.

Q. Mr. ——?—A. O'Niel.

Q. I see. This is just an account, 'To repairing collision damage to vessel as per agreement of May 19, according to the 35 items of Mr. McConkey's report attached.' What is that, $11,000?

Mr. O'Neil.—$14,000.

Mr. Watson.—It is a little bit blotted. Then let me have the contract.

Mr. O'Neil.—That was attached and sent on with the account to the government.

By Mr. Watson:

Q. Have you not a copy of that, Mr. Davie?—A. I would have to look through the office at the dry dock. I think there is.

Q. Then in that instance you were able to estimate definitely what your charges should be and what they would be?—A. Yes, sir.

Q. According to the contract; and that, I assume, would have been practicable equally in all other cases?—A. Yes, sir.

Contract in letter-book marked Exhibit 150.

Q. That was not done, however. And that would represent, just as we were talking a few minutes ago, supply of material and supply of work?—A. Yes, sir.

Q. Ordinary and skilled, I see. Now then, were you personally acquainted with the officials of the department during this period?—A. Yes, sir.

Q. Personal friendship existing between you and them?—A. Just acquaintance, like that.

Q. Just acquaintance? Anything else than the ordinary business acquaintance?—A. What do you mean by that, sir?

Q. Well, just about what I say. Any other relationship other than the ordinary business acquaintance—I mean was there an intimate personal friendship?—A. No, sir.

Q. With any of them ?—A. No, sir.

Q. No. Not connected with any of them in any business transactions ?—A. Yes, sir.

Q. Business transactions ?—A. Yes, sir.

Q. Partners with you ?—A. No, sir.

Q. Well, in business transactions through the department ?—A. Yes, sir.

Q. Just in that way ? Just answer, please.—A. Yes, sir.

Q. Business transactions in that way. Then I understand from what you say that your relations with the officials are purely business relations; is that correct ?—A. Yes, sir.

Q. Yes, purely business relations. And those relations arise in connection with transactions with the department?—A. Yes sir.

Q. And not otherwise?—A. I don't know exactly what you mean by 'otherwise.'

Q. Not otherwise. Then how long have you known Mr. Gregory—during all this period, I assume ?—A. Ever since I have been in business.

Q. Eh ?—A. Since childhood I might say.

Q. Since you have been able to take any part in business ?—A. Yes, sir.

Q. Of course you were connected with the business of your father before you acquired a personal interest ?—A. Yes, sir.

Q. Working in the business ?—A. Yes, sir.

Q. You have worked there all your lifetime, no doubt ?—A. Yes, sir.

Q. And I understand you are the active member of the present firm?—A. Yes, sir.

Q. That is right, is it, business manager, so to speak ?—A. Yes, sir.

Q. Then did you have in your books a personal account with Mr. Gregory ?—A. In my books ?

Q. Yes.—A. No, sir.

Q. Have you in your books a personal account with any official ?—A. No, sir.

Q. Quite sure?—A. Yes sir.

Q. Do the names or does the name of any official appear on record in your books in a business transaction ?—A. No, sir.

Q. Let me have your books, please.—A. (Witness produces books).

Q. What is this book?—A. Cash.

Q. Eh?—A. Cash-book.

Q. This commences May 1, 1897?—A. That is when we started business.

Q. That is when your present firm started business?—A. Yes, sir.

(Cash book marked Exhibit 151.)

Q. And this continues to December 31, 1907?—A. Yes, sir.

Q. Does this contain a record of all transactions with the department?—A. With the department.

Q. Yes?—A. Yes, sir.

Q. Cash transactions. From whom did you receive cheques that were payable to your firm?—A. From Ottawa.

Q. Directly from Ottawa?—A. Through Mr. Gregory's office, some.

Q. I see. That is what I want to know. Did you have any personal communications with the officials at Ottawa or any of them?—A. No, sir.

Q. Did you have any correspondence with the officials at Ottawa?—A. In relation to the ships, yes, sir.

Q. You had?—A. Yes, sir.

Q. Let me have your letter books, please?—A. They are down in Chinic's in the hardware. I will have them sent up to you, sir.

Q. Where is that?—A. In lower town. There is quite a bunch.

Mr. O'Neil.—We brought them up a couple of days ago, and then took them back there.

Mr. WATSON.—How many?

Mr. O'NEIL.—I think three, Mr. Watson.

Mr. WATSON.—That is not many. Kindly have them produced, will you?

Mr. O'NEIL.—Yes.

By Mr. Watson:

Q. That correspondence with the department at Ottawa was with the Deputy Minister?—A. Yes, sir.

Q. With any one else?—A. It may have been with the minister too, I will not swear to it.

Q. You could not say?—A. No.

Q. That is with what minister?—A. There are some— I would not say—with Mr. Prefontaine or Mr. Brodeur. The books will show it.

Q. The books will speak for themselves. Is there any correspondence with the officials at Ottawa that was not copied into the letter-books?—A. No, sir; all were copied.

Q. Try and think?—A. What I know of, all were copied.

Q. And those that you do not know of?—A. Otherwise my bookkeeper may have sent any not copied, but all letters and orders written were copied.

Q. Did you ever give any direction that any such letters need not be copied?—A. Never.

Q. That is right. You are speaking out loud now. You received letters in answer from the department at Ottawa?—A. Yes, sir.

Q. Have you those?—A. Yes, sir.

Q. Have you got them here?

Mr. O'NEIL.—No sir, they are all down there.

By Mr. Watson:

Q. I want those too, please. This is the cash-book. Let us see the bank-book. Perhaps that is too heavy to carry, is it? And the cheque-book?—A. Take the bunch, sir.

Q. Yes, all of them.—A. (Witness hands in a bag.)

Q. These cheques cover what period?—A. From 1904, sir.

Q. 1904?—A. Whenever the bank-book starts.

Q. The bank-book starts on December 4, 1905?—A. That is when they start.

Q. Have you no cheques before that?—A. No, sir.

Mr. O'NEIL.—The cheques are there for 1904.

By Mr. Watson:

Q. Your book-keeper says the cheques are here for 1904?—A. Yes, sir.

Q. I see. Where is the bank-book preceding that?—A. Bring that with you, Mr. book-keeper?

Mr. O'NEIL.—I never touched it, I don't know anything about it.

By Mr. Watson:

Q. You can bring it all the same. Will you let him have it?—A. Yes, sir.

Q. It is over in the office, I suppose?—A. Yes, sir.

Q. The one before this.

(Bank pass-book for 1905 marked Exhibit 152).

(Bag of cheques marked Exhibit 153).

Q. How much have you paid Mr. Gregory during that eleven years, about how much on an average?—A. $500 a year.

Q. $500 a year to Mr. Gregory?—A. Is that in connection with the business transactions of the department?—A. Well, he would——

Q. Just answer. Can you say whether or not it is in connection with the business of the department?—A. Yes sir.

Q. Yes. Have you got any of the cheques?—A. Yes sir.

Q. Let me see them, please?—A. (WITNESS produces bundle of cheques).

Q. These are not many, I should think to represent all that.

(Bundle of cheques marked Exhibit 154).

Q. I see the first one you have produced here is August 18, 1904, that is the earliest date I find in glancing over. There are not many of them here. Why have you not produced those before August, 1904?—A. I haven't got them, sir.

Q. You haven't got the cheques?—A. No sir.

Q. Why not?—A. I don't know where they are.

Senator CHOQUETTE.—I raise the same objection, my lord. I understand the *enquête* does not go back beyond 1904.

Hon. Mr. CASSELS.—The scope of the inquiry is from 1904 onwards.

Mr. WATSON.—Yes, my lord. Just in connection——

Hon. Mr. CASSELS.—It is a custom that ripened into a custom prior to 1904, apparently.

Hon. Mr. WATSON.—Of course, one cannot eliminate the bearings, the before and after very well.

Q. Then, at all events, the first cheque which is produced here is No. 249, August 19, 1904. That, Mr. Davie, is a cheque payable to Mr. cash?—A. Yes sir.

Q. You have not even called him Mr. Just plain cash. That is for $500?—A. Yes sir.

Q. What was done with that money?—A. Given to Mr. Gregory.

Q. Given to Mr. Gregory, I see. Given to him by whom?—A. By myself.

Q. By you. Whereabouts was it given to him?—A. Here in Quebec?—A. Yes sir.

Q. Or over at your place?—A. In Quebec.

Q. At his office in Quebec?—A. Yes sir.

Q. At his office a cheque for $500 was given to him. Now, bear in mind, Mr. Davie, a little while ago I was asking yo uabout your books and if you had any personal account with Mr. Gregory. I think you told me that you had not a personal account with him. Yet you paid him $500?—A. Yes sir.

Q. Did you enter that to Mr. Gregory?—A. In his name?

Q. Yes.—A. No sir, not in the books.

Q. No, no entry made of it as paid to Mr. Gregory?—A. No sir.

Q. Not anywhere in any book?—A. No sir.

Q. Not anywhere in any book?—A. Well sir, in the cheque-book there is.

Q. In the cheque-book?—A. Yes.

Q. Let us see the stub of the cheque-book.

Mr. O'NEIL.—They are all in that bag, Mr. Watson.

By Mr. Watson:

Q. Will you take it out, please?—A. Mr. Watson, there is none for 1904. Will you take one of the others?

Q. No; I am just dealing with this one now.—A. I haven't got the cheque book for this.

Q. Is not that there?

Mr. O'NEIL.—No, the stub is not there for 1904.

By Mr. Watson:

Q. Is it not there?—A. No sir.

Q. August 18, 1904. That is not carried forward then into the journal, ledger or cash book?—A. Yes sir.

Q. It is carried forward in the cash-book?—A. Yes sir.

Q. Let me see it in the cash-book.

Mr. O'Neil.—What is the number?

Mr. Watson.—No. 249, August 18, 1904.

Mr. O'Neil.—It is not in the cash book. There were no books kept in 1903 and 1904.

Mr. Watson.—Do not tell me that about the firm of George T. Davie & Sons.

Mr. O'Neil.—There were no books kept.

By Mr. Watson:

Q. In 1904?—A. No, it is not. That is the year I was sick.

Q. The year you were sick?—A. Yes sir.

Q. That accounts for it.—A. I was sick and my father was sick.

Q. I see. You were away sick?—A. Yes sir.

Q. And your father was sick during 1904. Then it does not appear in any book?—A. Sir?

Q. It does not appear in any book?—A. No sir.

Q. Now then the next one I have here, apparently, is the 22nd of July, 1905. Now wait before I pass that former cheque. What is the bank—oh, the Union Bank if Canada. I see on the back of this cheque appears the name of the firm of Daniel McGee & Sons. What firm is that, what is their business?—A. Brokers.

Q. Brokers here in Quebec?—A. In other words a private bank.

Q. Private bankers and brokers?—A. Yes.

Q. How does their name happen to appear on it?—A. I would go in there and get that cashed.

Q. You would go in there and get that cashed?—A. Yes sir.

Q. Why not go into your own bank?

Mr. O'Neil.—Well——

Mr. Watson.—Never mind, Mr. book-keeper. When you are asked will do.

Q. Why not go into your own bank?—A. I just do that to give Mr. McGee the circulation of the bills.

Q. So as to give him the circulation of the bills?—A. Yes.

Q. That is limited to bills like this, is it?—A. No, sir. All our bills are cashed there.

Q. Why did you not give a cheque right out payable to J. U. Gregory?—A. Because I tried to shield him.

Hon. Mr. Cassels.—Tried what?

Mr. Watson.—Tried to shield him, my lord.

Q. So you came here to Quebec from over the river and went to the private bankers to get cash from them?—A. Yes sir.

Q. And gave the cash to Mr. Gregory?—A. Yes sir.

Q. That is the transaction, I see. And what is this one, July 22nd, 1905?—A. The same thing.

Q. The same thing? This is a little different, this is paying to Daniel McGee & Co.—A. And Sons, is it not?

Q. And Sons, yes. $500 cashed there by you.—A. Yes sir.

Q. Cash paid to Mr. Gregory?—A. Yes sir.

Q. By you personally?—A. Yes sir.

Q. The next one is first of May, 1906. This is also payable to D. McGee & Sons?—A. Yes sir.

Q. This is $75. You are coming down now?—A. No sir. That is not for Mr. Gregory.

Q. Oh, that is not for Mr. Gregory?—A. No sir.

Q. Who was it for?—A. Mr. Pettit.

Q. Who is he, Mr. Pettit?—A. Engineer of the *Montcalm*.

Hon. Mr. Cassels.—What is the name?

Mr. WATSON.—Pettit, my lord.

Q. Paid to him as an official, he was an official?—A. Yes sir.

Q. $75. Where was that paid to him?—A. I don't rememebr.

Q. You don't remember. Why do you say it was paid to him?—A. Because it is in the stub.

Q. Have you got the stub?

Mr. O'NEIL.—Yes sir, it is there among the papers.

Mr. WATSON.—Well, pick that out, Mr. book-keeper, and that for 1905, too.

Q. Then the next one is August 30th, 1906, cash $800. Seems to be rising. Was that cashed over here at McGee & Sons?—A. Yes sir.

Q. What was done with that cash?—A. Same as the other.

Q. As which other?—A. As the other $500.

Q. Paid to Mr. Gregory?—A. Yes sir.

Q. Did you get small bills or large bills?—A. $5 bills.

Q. They must have made quite a pile?—A. There might have been a few tens.

Q. Then the next one is October 30th, 1906, cash $200. Another for Mr. Gregory?—A. No sir.

Q. What?—A. No sir.

Q. Who is that for?

Mr. O'NEIL.—That is a wrong you have got some way, sir.

By Mr. Watson :

Q. $200 ?—A. Yes.

Mr. O'NEIL.—It is a wrong cheque, it is not the one.

By Mr. Watson :

Q. Did you pay any to Mr. McConkey ?—A. Yes, sir.

Q. Was that paid to Mr. McConkey ?—A. There was a $200 one. I don't think that is the one.

Q. What is the number ?

Mr. O'NEIL.—416.

By Mr. Watson :

Q. Just look up this 416, please. This one you think is to whom?—A. That is wages, sir.

Q. Just look it up.—A. That is wages, sir.

Q. Just let me see. While your bookkeeper is looking up that one, you say you gave $200 to Mr. McConkey ?—A. Yes, sir.

Q. Who is he?—A. Superintendent of the government.

Q. Superintendent ?—A. Of hulls.

Q. There is another one for $200, is that the one you gave to him?—A Yes, sir, that is the one.

Q. That is one to Mr. McConkey. September 10, 1907, you gave this to Mr. McConkey ?—A. Yes, sir.

Q. Where did you give it to him, here in Quebec or over in your place ?—A. I cannot say whether it was over in Levis or Quebec.

Q. Either one or the other?—A. Yes, sir.

Q. And what ship was he on then—oh, he was the superintendent ?—A. Yes, sir.

Q. Not in any ship ?—A. On all the ships.

Q. Oh, he was superintendent of all the ships. Now, this No. 416.—A. Here you are, sir.

Q. What is that ?—A. That is the $200 stub for Mr. McConkey.

Q. The stub for Mr. McConkey, September, 1907, that has got his name upon it, ayable to Mr. D. McGee & Sons, and then underneath you put McConkey, $200 ?—. Yes, sir.

Q. Just have your book-keeper look over those other cheques that went to Mr. regory. Now, this cheque 416, October 13, 1906, you observe that this is not entered the regular course of wages cheques. There is a wages cheque immediately pre-ding it, October 13, 1906, it is marked 'Wages' in ink.—A. Yes, sir.

Q. Mentioning the account. This cheque No. 416 is in red pencil.—A. Yes, cash.

Q. Just marked cash, and then $200 opposite it. Whose writing is that cash and 200 now ? That is not the way you make an entry for wages, you do not charge up ages as cash ?—A. No, sir.

Q. No, of course not. That is an irregular cheque, of course ?—A. I cannot ccount for that, sir.

Q. You cannot explain it ?—A. No, sir, how that got——

Q. That means that you cannot explain to whom that went ?—A. No. That is ages on the back, it is on the back.

Q. There are no wages on the back of it.—A. Yes, that is the way the money was rawn.

Q. They are the denominations, apparently, of the bills, ten tens, five fives, and on ?—A. Yes, sir.

Q. That may be a convenient way for handing it over.—A. No, sir. When I ave to any official I have given all in $5 bills.

Q. All in $5 bills ?—A. $5 or $10 bills, sir.

Q. You may have marked them on the back ?—A. No, sir.

Q. Describing how they have been distributed ?—A. No, sir.

Q. Given to more than one ?—A. No, sir.

By Hon. Mr. Cassels :

Q. Is that cash over and above the cheque you drew for wages ? You have $1,400 here for wages.—A. For wages only.

Q. This $200 is supplemental?—A. Yes, sir, outside work; we may have been ischarging men.

By Mr. Watson :

Q. Why is it not entered 'wages' in the regular course ?—A. I cannot under-tand.

By Hon. Mr. Cassels :

Q. Why did you not include it in the $1,400 cheque you drew that day?—A. That cheque would be Saturday, sir, for the regular pay list.

By Mr. Watson :

Q. Now, was not this given to another captain, or was it not given to somebody lse ?—A. It might have been given to some of the Norwegian captains of outside teamships, I don't think to any government official.

Q. You don't think it was given to any government official?—A. No, sir.

Q. Will you say that was not given to Mr. Gregory?—A. No, sir.

Q. You won't say ?—A. I will say, yes, it was not given.

Q. I see, you will say that was not given to Mr. Gregory. You seem to have a retty good recollection. You are saying that as a matter of personal recollection, re you?—A. Well, I generally in a kind of a way, mark Mr. Gregory's.

Q. I see.

Hon. Mr. Cassels:

Q. Mr. Davie, if that $200 went for wages it would appear in your cash-book in due course?—A. Yes, sir.

Q. Turn up your cash-book.

By Mr. Watson:

Q. Let me see it. What is the date of it again, October, is it not? Here it is, October 13, $200. There is a cheque there of $200 and it follows $1,961, the preceding cheque. What do you say about it now?—A. That is wages, it might have been given to some captain outside.

Q. What?—A. It might have been given to some captain outside. It is charged up to wages, sir.

Q. It might not have been wages?—A. No, sir, it is wages. Let me see the cheque, will you?

Q. Yes, here it is. (Handing witness cheque).—A. It is for wages, sir. That is my book-keeper's writing on the back for the money. What was done with it I cannot swear to.

Q. You cannot swear to that?—A. No, sir.

Q. Then here is another one, October 15, 1905, for $50. Who was that for?—A. Mr. Beauchemin.

Q. Who is that for?—A. Mr. Beauchemin.

Q. What Mr. Beauchemin is that?—A. At Sorel.

Q. Alfred Beauchemin, I see. Is that all on the *Lady Grey*?—A. No, sir.

Q. I see, someone else. Albert Beauchemin, $50. The same kind of transaction?—A. Yes, sir.

Q. And here is another one, August 27, 1907, cash, $550. Who was that for? That is August, 1907, No. 785?—A. I would like to see my stub.

Q. Well, see the stub?—A. No, it is not in that one.

Q. That is the only stub I have out there in the bag.—A. (Witness turns up another stub-book).

Q. Let me see, August, 1907, is that for Mr. Gregory, $500?—A. Yes, sir.

Q. Is the other $50?—A. That is the captain of the *Hestad*.

Q. What is his name?—A. He is a Norwegian. He is outside of the government.

Q. Outside. So this is Mr. Gregory, $500?—A. Yes, sir.

Q. That is a queer way to spell Gregory. What is that, why did you write those letters there (indicating)?—A. I didn't want them to expose Mr. Gregory.

Q. Did not want to expose Mr. Gregory, I see. Then did the book-keeper know that these were given to Mr. Gregory?—A. No, sir.

Q. He did not know?—A. No, sir.

Q. Anybody else?—A. No, sir.

Q. What?—A. No, sir.

Q. Well, it was known in the business, known by your brothers?—A. No, sir.

Q. Not known by your brothers. Then have you gone over the stubs, do you identify each one of these cheques as given to Mr. Gregory in a similar way by some private mark of your own?—A. Yes, sir.

Q. Some private mark of your own identifying them. Now, look at that $200 one again. Here it is. See if you do not identify that again now as a Gregory one?—A. No, sir, that is not Gregory.

Q. Well, is there another $200 for Mr. Gregory?—A. No, I never gave Mr. Gregory $200.

Q. Why not, too small?

Mr. Choquette.—My Lord, I object to that. Let us have the facts. We do not want argument or insinuation now.

By Mr. Watson:

Q. Now, where are the cheques for 1908?—A. I haven't them.

Q. What?—A. I haven't them.

Q. How much have you paid Mr. Gregory during the year?—A. None.

Q. Why not, when did he leave the office?—A. Well, I couldn't tell you when he left the office.

Mr. GREGORY.—The first of April.

By Mr. Watson:

Q. The first of April of this year. Then did you pay him anything up to the first of April?—A. No, sir.

Q. I see. Now, you made the statement that during the last eleven years the average was about $500. This average is more than that, I think. Here is one for $800. That is about the amount is it not? Then do I understand that these were gifts to Mr. Gregory?—A. Yes, sir. He would say to me that he was hard pressed and wanted it for disbursements.

Q. That he was hard pressed and wanted money for disbursements.

By Hon. Mr. Cassels:

Q. What were you trying to shield Mr. Gregory from?—A. I didn't want to let them know I was giving him this money.

Q. Why, what were you afraid of?—A. I didn't want my book-keeper to know about it and I didn't want my brothers to know.

Q. You were shielding him from something. It must be that you thought there was something wrong about it?

Mr. WATSON.—Of course, you knew it was wrong.

By Hon. Mr. Cassels:

Q. Tell us what you mean by using that expression. You were giving him moneys you should not have given him?—A. He would ask for this money and naturally I would give it to him.

By Mr. Watson:

Q. I see, he would ask you for the money and naturally you would give it to him; that is right, is it?—A. Yes sir.

By Hon. Mr. Cassels:

Q. You did it in this way to cloak it over so that nobody would find it out; that is the whole story?—A. Yes sir.

By Mr. Watson:

Q. I see. No pretence or cover about interest or anything of that kind?—A. No sir.

Q. Nothing of that kind?—A. No sir.

Q. Or any repayment?—A. No sir.

Q. Never anything of that kind?—A. No sir.

Q. Of course, it was never to be repaid, you never expected it to be repaid?—A. No.

Q. And this was during the time you were getting orders from him, doing a large amount of business?—A. Yes.

Q. And it was in connection with that business?—A. Yes. I didn't pay him——

Q. Is not that so?

Senator CHOQUETTE.—Let him answer.

Mr. WATSON.—He has answered.

Senator CHOQUETTE.—He started to say 'I did not.' Let him go on.

WITNESS.—Will you put that answer again?

Senator CHOQUETTE.—(To Reporter). Read over the answer.

Mr. WATSON.—No.

Senator CHOQUETTE.—The answer is there and the question. I wish them read.

Mr. WATSON.—So that was in connection with business——

Senator CHOQUETTE.—Read over the question. I want to have the question as it was originally put. (Reporter reads 'And it was in connection with that business?—A. Yes, I did not pay him——')

WITNESS.—I did not pay him to draw any more work from the government.

By Mr. Watson:

Q. You did not pay him to draw any more work from the government?—A. No.

Q. Was it in connection with the work you were getting?—A. Yes sir.

Q. And would you have paid him but for the fact you were getting orders for that work?—A. What is that?

Q. Would you have paid him if it had not been that you were getting orders for the work?—A. Well, I would want security.

Q. Oh, you would want security?—A. A note or something in writing.

Q. Would you have made these payments as you did if you had no work, no contract?—A. No sir.

Q. Of course you would not.

By Hon. Mr. Cassels:

Q. You were simply paying him, according to your statement, in order to keep in favour and get further orders?—A. Yes sir.

Q. That is the whole thing in plain English.

By Mr. Watson:

Q. That is the whole thing.—A. Not to get work from him.

By Hon. Mr. Cassels:

Q. Well, to get orders.—A. No, not to get orders.

Q. How do you put it?—A. Because the orders come from Ottawa, my lord.

Q. Oh, that may be, but you know a word from Mr. Gregory to Ottawa would cut you off from getting those orders.—A. I didn't know about that, sir, I didn't know.

By Mr. Watson:

Q. Now then, you were having very large contracts, very large orders, and you were making a lot of money out of these, of course large profits?—A. No more than ship-wrecking prices.

Q. Ship-wrecking prices are pretty large, you mean?—A. No sir.

Q. Was it a matter of 50 per cent profit?—A. It might be less.

Q. I dare say it might be more than 50 per cent?—A. I would——

Q. I suppose it was as much as you could fairly get?—A. What was fair. I didn't charge the government more than anybody else. I didn't try to stick the government.

Q. You didn't try what?—A. To stick the government.

Q. And you said something about somebody else. Did you charge them more than you charged other people?—A. No sir.

Q. Try and think.—A. No sir, same price.

Q. Oh, but then the price would vary with the character of the work?—A. No sir.

Q. You could hardly compare two different contracts, could you?—A. Yes sir.

Q. For instance, dry-docking and repairs, the work would differ with the condition of the ship and many conditions.—A. I would charge the government the same as a merchant whose ship would come in for dry docking and for repairs.

Q. So you persist in saying that you did not make any excessive charges to the government?—A. None whatever.

Q. Beyond what, I mean, you made to others ?—A. Yes, sir.

Q. Your general profit may be 40 to 50 per cent——

Hon. Mr. CASSELS.—Now were those contracts, Mr. Watson, by day-labour?

Mr. WATSON.—No, my lord.

Q. A lump sum in every case, was it not?—A. What is that?

Q. Day-labour was in a lump sum in every case, was it not?—A. No, not in every case by day-work.

Q. Well, how did you make out your contracts, how did you make out your accounts?—A. How do you mean, sir?

Q. Well, for instance, you had certain repairing to do?—A. Yes, sir.

Q. Did you lump it?—A. No, sir. We charged for the men working at the ship and the material that went into the vessel.

Q. In all cases?—A. Yes, sir.

Q. You charged for material and for labour?—A. Yes, sir.

Q. And what else?—A. Whatever went into the ship.

Q. Whatever went into the ship?—A. Yes, sir. We only did what we call bottom work, work under the water line.

Q. Then you do wreckage?—A. Yes, that is one case.

Q. That was a lump sum?—A. No, sir.

Q. Now, Mr. Gregory certified all accounts you knew?—A. No, sir, I did not know who certified the accounts.

Q. You did not know?—A. I sent the accounts into the department.

Q. Did you send them to Mr. Gregory?—A. To the Marine Department.

Q. Did you send them here to Mr. Gregory, at Quebec?—A. Yes, sir.

Q. Yes. Then he certified to them.

Senator CHOQUETTE.—The accounts are there. They speak for themselves.

By Mr. Watson:

Q. Of course. The clerk has gone for them, as you know. Meantime, do you know who certified to them?—A. Generally whoever was in charge looking after the work.

Q. Who would that be?—A. Whoever happened to be on the case.

Q. Eh?—A. Whoever happened to be on the job we were doing.

Q. Mr. McConkey?—A. Yes, sir, I think.

Q. He was one of the men superintending. Mr. Beauchemin?—A. No, sir.

Q. Not he. Who else, Mr. Schmidt?—A. No, sir.

Q. Here are some accounts. Here, for instance, is one for August, 1904. The first item is, 'To hauling up and launching vessels, $175?—A. Yes, sir.

Q. That is a lump sum?—A. Yes, sir.

Q. No details?—A. Yes, sir.

Q. Then after that you had details of the items. Now, let us see, here is one of December 14, 1906, 'to services on *Lord Strathcona* and wrecking plant as per contract July 1, 1906, to close navigation, $5,000,' that was a contract apparently. That is a subsidy I get from the government.

Q. A subsidy you get?—A. I am subsidized by the government.

Q. I see. No rake-off on that, I suppose?—A. No. sir.

Q. Then is it the fact that somewhere there was a rake-off on every account?—A. No, sir.

Q. What?—A. No, sir. I gave them no rake-off on any of my accounts.

Q. No rake-off on any of your accounts?—A. No, sir.

Q. This $800 cheque is a good deal like that, is it not?—A. It is not a rake-off.

Q. Eh?—A. It is not a rake-off from that, sir.

Q. Oh, it is not a rake-off from the contract, I see.

Hon. Mr. CASSELS.—Is there any classification there of the character of the wages, skilled and common labour?

Mr. WATSON.—No, my lord.

Q. Who was Miles?—A. Commander of the *Canadienne*.

Q. Now, I see these accounts, some of them at all events, are certified to by Mr. Gregory. 'Certified that the above was duly authorized and that the prices charged are fair and just.'

SENATOR CHOQUETTE.—What is the amount?

Mr. WATSON.—That is the same one, $22.50.

Q. Did you ever discuss prices with him at all to your recollection?—A. Yes. He——

Q. What?—A. Yes, sir.

Q. You discussed prices with him when?—A. Some of accounts. I think you will only find one account there.

Q. Now, here is an account amounting to $7,795.70, and this is certified to by him in the same way. Prices just and reasonable.' This is November, 1906. Now, just look at that account and tell me whether or not the prices in that account were ever discussed between you and him, or between you and any other official of the department? What is that?—A. No, sir, they were never discussed.

Q. No, prices were never discussed with Mr. Gregory or any other official.

By Hon. Mr. Cassels:

Q. Was there any date in the year when this $500 payment was to be paid, any fixed date?—A. No, sir.

By Mr. Watson:

Q. Here is another account in the same way of $10,027—oh, this amounts to more than that, $30,874. You say the same with regard to that account, do you?—A. That is where we put a new bow on the Montcalm.

Q. Yes, it speaks for itself. Prices never discussed with anyone, is that right? Look at it so as to refresh your recollection (handing papers to witness)—A. No, sir, but they took it for granted we were charging the same as the others.

Q. That the charges were right?—A. Our charges were right.

Q. And that is the course generally pursued?—A. Yes, sir.

Q. I see. And Mr. Gregory, I see, certifies these accounts. I will just be sure about that last one. I do not see any certificate of Mr. Gregory on that one, my lord, at this moment. The certificates that are upon that are by DuFour, Samson and Mr. Schmidt. How much did these men get?—A. Nothing, sir.

Q. What?—A. Nothing, I paid none.

Q. Well, in what way, you didn't give them in cash?—A. Not cash, nor cheques nor anything.

Q. Any presents?—A. No presents.

Q. You have only mentioned the names so far of three, that is Mr. Gregory, Mr. McConkey and Mr. Beauchemin?—A. Yes, sir.

Q. Who else was there in the department?—A. None.

Q. What?—A. None.

By Hon. Mr. Cassels:

Q. He mentioned the name of Pettit, I think?—A. Oh, yes, my lord.

Mr. WATSON.—Oh, yes, my lord, and Mr. Pettit. That is four.

Q. No one else?—A. No, sir.

Q. And all those payments were in the same class, the same way, as I understand?—A. Yes, sir.

Q. Yes, all of them and the others as well. You got your cheques through Mr. Gregory?—A. Some would come through Mr. Gregory and some would come by mail.

Q. And did Mr. Gregory endorse any of your paper, put his name on any of your paper?—A. No.

Q. What?—A. No, sir.

Q. Did you ever ask him to?—A. No, sir.

Q. It would not be necessary for a firm like yours, I assume. And did he ever make any suggestion to you?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Any commissions over and above these sums?—A. No, sir.

Q. $500 a year about was all?—A. Yes, sir.

Q. I see. Did you know that he was—you knew he was a salaried official under the department?—A. Yes, sir.

Q. In fact you knew everything that we knew when you paid him the money? (Witness laughs).

Q. And then in addition you gave him other money, didn't you give him money to make a trip for you?—A. That has nothing to do with the case, sir.

Q. What?—A. That has nothing to do with the case. It is a private affair.

Q. A private affair?—A. Yes.

Q. I will not go into it if you say it is a private affair?—A. Which I am willing to explain to my lord.

Q. Just wait, please. Then you say on one other occasion you have given him money, but it was a private matter between you and him?—A. Yes.

Q. Not like these. These are business matters; these represented in these cheques?—A. Yes, sir.

Q. I see, that was of a private nature, personal between you and him. How much did he get on that occasion? Tell us that.

Mr. Brodie.—My lord, I am representing the witness. If my learned friend is going into private matters, I object.

Hon. Mr. Cassels.—I do not think counsel can represent a witness. I have allowed any one accused, any official of the department accused, to be represented by counsel, but witnesses cannot be represented by counsel. This may be a private matter in the witness' estimation, but one of vital moment in the public estimation.

Witness.—It has nothing to do with the public.

Q. If it has not, say the amount.

Senator Choquette.—I am going to put a question about that myself. I would like that to come out.

Hon. Mr. Cassels.—We want to get the facts.

Witness.—$400.

By Mr. Watson:

Q. $400, not more than that?—A. I won't swear—no, it is not more than that.

Q. Not a thousand dollars?—A. No, sir.

Q. You draw the line pretty sharply sometimes?—A. Well, I don't want for a man to be accused of what he has not got.

Q. I see. You might stand for $400, but not for a thousand. You say it was $400 that was paid?—A. Yes, sir.

By Hon. Mr. Cassels:

Q. Was it a loan or a gift?—A. A gift, sir.

Q. On what date?—A. I could not recollect, sir.

By Mr. Watson:

Q. What year?—A. Last year. I would have to refer; I cannot tell.

Q. Well, was it this last year, 1907?—A. It might be 1907 or 1906, I cannot say.

Mr. Gregory.—Yes.

By Mr. Watson:

Q. 1906, it is stated now for your assistance. It is stated that the payment was made in 1906. And you say you think it was about $400?—A. Yes, sir.

Q. $400?—A. Yes, sir. It was not over that.

Q. It was not over that?—A. No, sir.

Q. I see. Now, I do not want to trespass upon strictly personal matters, but I do not understand how you would have a personal matter with Mr. Gregory; I cannot for the life of me understand it. Do you mean to say this was something outside of the department?—A. Completely outside of the department.

Q. Did it affect you in your business?—A. It is beginning to mature now, and if this comes out, well, it may not.

Q. Was he serving you?—A. He was.

Q. Was he serving you or your interest.

Senator CHOQUETTE.—Will you repeat that last, please.

By Mr. Watson:

Q. Was he serving you?—A. Yes.

Q. That is the point, serving your interest?—A. Yes, sir.

Q. And you were giving him compensation for something that you thought he was doing for you: is that right?—A. Yes, sir.

Q. Was that a matter of influence in the department?—A. None whatever.

Q. What?—A. None whatever.

Q. Influence with some minister?—A. No, sir.

Q. Political influence?—A. No, sir.

By Hon. Mr. Cassels:

Q. Is it anything you are ashamed of?—A. I am willing to say to you, sir. If it gets out, sir, it may end everything.

Q. I do not want to hear anything in private?—A. I am willing to explain it to you.

Senator CHOQUETTE.—I would be very glad if your lordship would ask him. I am going to put a question myself, but it may take longer.

Hon. Mr. CASSELS.—What it seems to be, Mr. Senator, is this. Without prejudging or stating any views with regard to the matter, it would appear on this gentleman's evidence that he has paid $500 to Mr. Gregory for what, at present, would appear to be an absolutely improper purpose. Now, he has also given him $400, which he says was private.

Senator CHOQUETTE.—The whole thing was for the same transaction. It was to sell off his property to some New York people. According to my information, Mr. Gregory acted as agent to sell the witness' business. That is my information.

Hon. Mr. CASSELS.—There is no reason why he should not tell it.

Senator CHOQUETTE.—None at all. I want him to tell it.

Q. There is no use leaving it in this uncertain way, witness. What is it?—A. It was in connection with the gentleman in New York he was selling our wrecking plant to.

Senator CHOQUETTE.—Hear, hear.

By Hon. Mr. Cassels:

Q. It was a commission then outside of the department altogether if he sold your wrecking-plant?—A. It was to pay his expenses to New York.

By Mr. Watson:

Q. To pay his expenses to New York. Did he go to New York?—A. Yes sir.

Q. I see. How long did he stay there? A month?—A. I couldn't tell you how long.

Q. He got $400 for expenses to go New York, is that right?—A. About that.

Senator CHOQUETTE.—He got more than that.

By Mr. Watson:

Q. Did you give him a commission?—A. No sir.

Q. That was for what?—A. For going and speaking to these men and explaining the wrecking-plant.

Q. I see. You gave him $400 to go to New York to pay his expenses and to make some statement to some proposed purchaser; that is right, is it?—A. Yes sir.

Q. Is that the transaction?—A. Yes.

Q. Did anything come of it?—A. I just said it just now.

Q. You say there are some negotiations just now?—A. Yes sir.

Q. Now, that is in respect of that $400?—A. Yes.

Q. Is that the only sum you paid to him in respect of that matter?—A. Yes sir.

Q. That is the only sum. Do you know how long he was away?—A. No, sir.

Q. Well, did you know that he was an employee giving, or supposed to give, his whole time to the department?—A. He might have been on his holidays for all I know.

Q. Holiday time. Well, we would all like to take holidays like that. Now then, have you records of any other payments?—A. I gave him no other payments.

Q. No other payments?—A. No sir.

Q. Is there anything else in connection with these matters that you have not disclosed before his lordship?—A. No sir.

Q. What?—A. No sir.

Q. What you have said, you give us to understand is the whole truth?—A. Yes sir.

Q. The whole truth.

Senator CHOQUETTE.—Mr. Davie ,you speak French just as well as English.

Hon. Mr. CASSELS.—You had better examine him in English. You can understand him just as well. If I could use French as well as you speak English I would employ it.

Senator CHOQUETTE.—That may be, my lord, but if the witness is willing to be examined in French I should prefer it. I would not impose it on him.

Hon. Mr. CASSELS.—The witness' examination has been in English and he has got to be cross examined in the same language.

Senator CHOQUETTE.—Well, it is not the same thing to me.

Mr. WATSON.—I would ask my learned friend as a favour to myself to conduct his cross-examination in English.

Senator CHOQUETTE.—I will try to do my best about it.

Mr. WATSON.—We all know my learned friend speaks English admirably.

Senator CHOQUETTE.—Thank you for the compliment. I should like you to speak French like that.

Q. Mr. Davie, you have been for a long time in business with your father, the same kind of business?—A. Yes sir.

Q. Since how long?—A. Oh, I guess since sixteen years of age.

Q. I beg your pardon?—A. Since sixteen years of age.

Q. You have said that for about eleven years you have paid some money or bonuses to Mr. Gregory?—A. Yes.

Q. Was the same thing done before that period of eleven years?—A. I know nothing about that in my father's time.

Q. What?—A. I know nothing of whatever happened between my father and Mr. Gregory.

By Mr. Watson:

Q. Prior to eleven years you do not know anything about it?—A. No, I had nothing to do with the financing end.

By Senator Choquette:

Q. But as far as you know it was the same thing?—A. I cannot say.

Q. The same kind of business with the department?—A. Yes.

Q. You filed your accounts with the department in the same way?—A. Yes.

Q. And the accounts were accepted by the department in the same way?—A. Yes.

Q. It was the very same thing?—A. Yes, sir.

Q. And the accounts were closed either by Mr. Gregory or other officials in the department?—A. Yes, sir.

Q. Or the foreman in the department?—A. For what?

Q. The accounts were accepted by the foreman of the department before they would come to Mr. Gregory?—A. I know the accounts were sent in. They must be accepted before.

Q. But in a general way the same kind of business, the same method of business and the accounts were accepted in the very same way as long as you can remember?—A. When we took the business over we made the same charges as my father had made. Except for fluctuations the same charge, the same routine was carried on.

Q. Yes. Now, to be very short. Upon your oath do you say that you never charged one cent more to the Government in view of the fact that you gave some bonus to Mr. Gregory?—A. Yes, sir.

Q. Do you call that a bonus?—A. I never charged more to the Government, for these bonuses were never charged to the Government.

Q. Now, as a matter of fact, Mr. Davie, is it true that since some years you have intended disposing of your wrecking plant?—A. Yes.

Q. How many years did you intend to dispose of your plant?—A. The first person who spoke to me was Mr. Gregory.

Q. And how long is that, how many years?—A. About two, just about the time of the *Bavarian* accident.

Q. But before that you had some idea of selling your plant?—A. Yes, if I could get a buyer.

Q. Is it not a fact that Mr. Gregory was a friend of yours?—A. Yes, sir.

Q. Especially of your father?—A. He was of my father.

Q. They were very very friendly together?—A. Yes, sir.

Q. Well, is it not a fact that for many years Mr. Gregory has been doing his best to help you and your father to dispose of that wrecking-plant?—A. Yes.

Q. Is it not a fact that he has gone to New York many times on leave of absence —I cannot say that.

Q. You cannot say that yourself?—A. No, I do not know how many times; he never told me.

Q. But you know he went to New York for that purpose?—A. Yes.. The gentlemen have been on here too.

Q. The gentlemen came here to him and discussed the matter with you?—A. Yes I know especially when he was here.

Q. And you know that that one special payment of your own knowledge was for his trip to New York?—A. Yes.

Q. $400?—A. Yes.

Q. The other amounts you do not know exactly what they are for?—A. I do not know.

Q. He did not tell you exactly what they were for, he just told you he was pressed for money and had many disbursements to make?—A. Yes, sir.

Q. Can you say what were his disbursements?—A. He never told me, I could not say.

Q. He never told you?—A. No, sir.

Q. He never told you that they were short of money in the department and that he had to advance the money himself?—A. I won't swear to that, he might have and he might not have.

Hon. Mr. CASSELS.—He was carrying on a banking business at this time himself?

Senator CHOQUETTE.—He will explain that himself. He advanced money to the Government, the Government did not pay interest, and he was told he had to get interest paid by somebody. Whether he was wrong or not is not for me to say. That is the position.

Q. Now, Mr. Davie, you said at the beginning of your examination that generally the orders were given to you by phone?—A. Yes.

Q. Now, as a matter of fact, is it possible to know the extent of damage to a boat before it is in dry-dock?—A. No.

Q. Impossible?—A. Impossible.

Q. So the fact of phoning to you to put a vessel in dry-dock did not incur a great amount of expense?—A. No.

Q. Just to put it there?—A. Yes, sir.

Q. Then when the boat was in dry-dock—

By Mr. Watson:

Q. What is the finger about, you are raising your finger?—A. The same thing was done to me the day before yesterday.

By Senator Choquette:

Q. It has been done in the past as now?—A. Yes.

Hon. Mr. CASSELS.—A boat has to be in dry-dock before you know exactly what repairs it requires?

Senator CHOQUETTE.—Yes. My learned friend thinks it a very big amount to be spent at once—at least so far as I could catch his words.

Q. Now, Mr. Davie, is it not a fact that when a boat is put in dry dock, a man is sent from Ottawa, who then discusses the matter with you, and you then go on to make a contract or you are asked to go on by day-work?—A. I cannot say whether the men come from Ottawa or where.

Q. Do you know who that man was?—A. There were a good many officials.

Q. Did you see Mr. Gregory on the spot, examine the boat and make a contract with him?—A. I don't believe Mr. Gregory was ever in our yard to my recollection.

Q. So all the contracts made with the Government, verbal or otherwise were made with officials sent either from Ottawa or the office in Quebec here?—A. You are putting a pretty hard question.

Q. Explain how it was done.

Mr. WATSON.—There was only one contract.

Senator CHOQUETTE.—I told him all the contracts either verbal or otherwise to cover the whole.

Q. Did you listen?—A. Will you repeat it, please?

Q. I will put the question in another way. Did you ever enter into a contract with Mr. Gregory for the repairing of a boat as far as you remember, where the prices were fixed by Mr. Gregory?—A. It is a long way to go back, eleven years, for every one of those. I don't think so.

Q. As far as you remember?—A. I don't think so.

Q. You have no instance in your memory that you can cite?—A. To the best of my memory, I don't think so, to the best of my judgment.

Q. So all Mr. Gregory had to do with your accounts was to receive them after certified by the foreman or officials and send them to Ottawa?—A. I don't know what reports he made to Ottawa. I sent them in there, and that is the last I heard of them.

Q. Well, did you discuss your accounts with Mr. Gregory, either the whole account or some items of the account?—A. Yes, on two occasions.

Q. And on the two occasions what did he say about your prices?—A. Well, in connection with the *Strathcona,* when my brother went down for the *Montcalm,* after the *Montcalm* had arrived here, the *Strathcona* was two days short, when the accounts were sent in Mr. Gregory notified us that the *Strathcona* was two days behind the *Montcalm's* arrival, and he wanted us to knock that off.

Q. To knock that off. You swear to that positively?—A. Wait a minute. I think—I won't swear, but I think I got a telephone message from Mr. Gregory to come over.

Q. To come over?—A. Yes.

Q. To discuss those things with him?—A. Yes.

Q. Where those days overcharged by mistake?—A. No sir, no mistake.

Q. You say you were entitled to them?—A. Yes.

Q. But he cut them down, all the same?—A. He tried to cut them down, but I reported to Ottawa, and they justified me, I was right.

Q. Ottawa?—A. Ottawa approved.

Q. Ottawa granted the amount?—A. Yes, because when my brother in using his judgment in the snowstorm, would not let the *Strathcona*—

Q. It is no use discussing that point. As far as Mr. Gregory is concerned, I do not care for the rest of the story. But I wish to put that very plainly to the Court, that when Mr. Gregory had occasion to deal with your account, he tried to cut it down, and you contended you were right.—A. Yes.

Q. And your views were upheld in Ottawa against Mr. Gregory's report?—A. Yes.

Q. You did not say to Mr. Gregory, 'I paid you so much, you ought to accept my account' ?—A. Not one cent.

Q. If you had paid him something before, you did not tell him?—A. Just one minute, please. I think in this discussion, I think we had some high words together.

Mr. GREGORY.—I should think we did.

By Senator Choquette:

Q. Now, Mr. Davie, is it not a fact that you acted with the department as you indeed acted with any other client of yours?—A. Yes.

Q. Either from England, France or any other European country?—A. Yes.

Q. Is it not a fact you gave sometimes bonuses to the captain and officers of other boats?—A. That has nothing to do with it.

Q. I know. But just to show it was not to induce them to deceive the government. When you did something of that kind it was done in a friendly way, and especially in the case of Mr. Gregory the sums you paid were for helping you to sell your wrecking-plant?—A. No, no.

Q. I do not say always, but on that occasion when you paid him that $400?—A. That $400 yes.

Q. Now, I think a contract was shown to you for repairs to the *Montcalm* after the accident with the *Milwaukee.* Is it not a fact that that contract was not passed by Mr. Gregory, but by an official from the department at Ottawa or from here?—A. The specification was made and we were told to tender on that price.

Q. You were told to tender on that price. I think you have already said, Mr. Davie, that you never charged a cent more to the government because you paid something to Mr. Gregory than you would have done without that?—A. I never charged the government.

Q. And you charged the government the very same prices as you charged to any other client of yours?—A. Yes.

Q. Now, Mr. Davie, you are about the only parties here having a dry-dock and able to do that kind of work, wrecking and repairing?—A. Yes sir.

Q. So the competition is not very strong?—A. New York, sometimes.

Q. New York, sometimes; but around Quebec here there is nobody else but your firm that does that kind of work?—A. Yes sir.

Q. So you are pretty much at liberty to charge your own price to the government?—A. I have a fixed price, I do not deviate.

Q. You do not deviate?—A. No.

Q. Well, so much the better.

By Mr. Watson:

Q. There is only one occasion, I understand, when there was discussion about Mr. Gregory going to New York?—A. Yes.

Q. And was there more than one occasion when he talked with you about your prices, that is criticized your prices?—A. Oh yes.

Q. More than one occasion, I see. That will do.

By Hon. Mr. Cassels:

Q. I would like to ask you a question, Mr. Davie, as I understand you when a vessel came in damaged she would have to be put in dry-dock before you could estimate the amount of damage?—A. She would come in dock at high water, the gates would be closed and the water pumped out.

Q. Before you could estimate the amount of damage?—A. Yes, and a survey had to be held with the surveyors.

Q. Yes, I know?—A. And a report made, and then it was handed to us.

Q. Well now, for putting into dry-dock was a lump sum charged?—A. No, sir. So much a day for the men and material used.

Q. Now, after the damage was ascertained, as I understand, officials either came from Ottawa or from Quebec and went over the vessel in order to see what the damage was?—A. Yes sir.

Q. And what ought to be done?—A. Yes, sir.

Q. And then they having arrived at a report of what ought to be done, the work went on?—A. Yes sir.

Q. Did those officials who came from Ottawa or here have anything to do with fixing the prices for the repairs which had to be done or was that left to you?—A. Left to us.

Q. So that all the officials from Ottawa or Quebec did, was simply to agree with you as to what ought to be done?—A. Well, sometimes——on one occasion, if you will allow me, my lord, in the case of the *Montcalm* the estimates were made for $25,000, but by careful nursing of the work we managed to reduce it to about $19,000.

Q. Who got the benefit of the difference in that case?—A. The Government, sir.

Q. The Government got the benefit?—A. Yes, sir.

Q. But in other cases the way it was done simply would be that these men would confer and agree as to what should be done, and it would be left to you to fix your prices?—A. They took it for granted we would not charge——they would say, 'I suppose on this work you will make the same charge as the others.' And we would say 'Yes.'

By Mr. Watson:

Q. Although, Mr. Davie, in every case after the vessel was put in dry-dock and carefully examined by yourself and by the skilled officials, it would be competent to make an estimate as to the cost of expenditure?—A. I have——

Q. It would be competent?—A. Yes, sir.

Q. But that was not done?—A. That was done, sometimes.

Q. Oh yes, you have told us once. That will do.

By Senator Choquette:

Q. Just one question. Can you say at first sight of a boat the amount of repairs that will be required in dry-dock?—A. No, you have got to examine a vessel.

Q. And then after a good examination it comes still dearer, like when repairing an old house?—A. Sometimes you may be on the wrong side.

Q. That will do.

Mr. WATSON.—My lord, I should say that Captain McGough sent word to my learned friend and to me that he desired particularly to be called this morning, and having that in mind by reason of the circumstance that his name has been mentioned in other evidence, I think it proper to give him precedence for the moment.

Hon. Mr. CASSELS.—Yes.

HENRY JOHN MCGOUGH, sworn.

By Mr. Watson:

Q. Captain McGough?—A. Yes, sir

Q. How long have you been in the service?—A. I have been in the service since 1899, sir. I was an officer on ships.

Q. How long have you been in the position of captain of a ship?—A. Since 1905.

Q. 1905?—A. Yes.

Q. Three years?—A. Three years.

Q. And what ship?—A. I was first on the *Champlain,* and now I am on the *La Canadienne.*

Q. I see. How long have you been on the last-named ship?—A. Since last April.

Q. And before that?—A. On the *Champlain.*

Q. As captain?—A. Yes, sir.

Q. What is your salary?—A. A thousand dollars a year, sir.

Q. For what period, the last three years, you mean?—A. For the last three years.

Q. Before that less or more?—A. Less, sir.

Q. Less than that before. Well, then Captain McGough, you have desired to be called——A. Yes, sir.

Q. Here before his lordship. That, no doubt, is by reason of what appeared in evidence from Mr. Drolet, that you had been paid the sum of $25?—A. Exactly, sir.

Q. Did you receive that sum?—A. Yes, sir.

Q. You received it?—A. And more.

Q. And more. When did you receive the sum mentioned of $25?—A.The sum of $25 was sent to my house in December last year, 1907, in my absence, but somewheres about Christmas time. It was enclosed in this envelope, two $10 bills and a $5 bill.

Q. Enclosed in this envelope?—A. And sealed.

Q. This is a business envelope of this house of Drolet?—A. Yes, sir.

Q. It was apparently delivered, not posted?—A. Delivered, sir,

Q. And this bill-head or slip along with it?—A. Yes, sir.

Q. No date?—A. No date. Some three or four days before Christmas.

(Envelope and slip marked Exhibit 155.)

Q. $25?—A. $25.

Q. No statement of what it was for?—A. No, sir.

Q. You knew it was from that firm?—A. I knew it was from the firm. I was not at home at the time, I was down on my business ferrying between Rivière Ouelle wharf and Murray Bay.

Q. You kept it?—A. My wife kept it.

Q. And what did you mean by saying 'And more?—A. A year before that, just about the same date, $50 was sent in the same way as this.

Q. $50—A. Yes, sir.
Q. That was sent in the same form?—A. In the same form, sir.
Q. In an envelope in the same way?—A. The same way, sir.
Q. $50. Was that kept?—A. Yes, sir.
Q. And any more?—A. A year before that.
Q. That is back to 1906?—A. 1905, I think.
Q. Yes?—A. A hundred dollars was handed to me by Mr. Drolet.
Q. $100?—A. $100.
Q. Do you mean a hundred dollars in bills?—A. One bill of $100.
Q. Was handed to you by whom?—A. Mr. Audibert, Mr. Drolet's book-keeper ıying, 'Captain, here is a present for you.' I was going away at the time.
Q. Saying, 'Here is a present for you.'—A. Yes, sir.
Q. A present from Mr. Drolet?—A. He did not say from whom. Of course, I nderstood.
Q. You understood it was from the house or firm?—A. Yes.
Q. Any more?—A. No more.
Q. $150?—A. $175.
Q. $175 altogether?—A. Yes.
Q. What did you say when he gave you the $100?—A. I didn't say anything, sir.
Q. Just 'Thank you,' I suppose?—A. I thanked him, and he turned right round ıd went away.
Q. I see. That was just the whole of it?—A. That was the whole of the money.
Q. And that was the whole of the conversation?—A. That was all.
Q. You kept it?—A. I kept it.
Q. Had you been getting goods from them about that time, or had they been doing ork?—A. We had—well, I would not be quite sure, something over $10,000 worth of ork done.
Q. Had you?—A. I think so.
Q. Had that just been finished at that time?—A. It had just been finished about ıat time.
Q. When you got the hundred dollars?—A. Yes, sir.
Q. What had that work been done about or for?—A. That was all in the achinery, sir.
Q. Machinery for your ship?—A. For the ship, yes, sir.
Q. And you had to deal with that?—A. Well, my chief engineer. I had nothing) do with it. Of course, I was captain of the ship, but my engineer superintended ıe work and ordered when he wanted it, and it was approved by the inspector gener- ly.
Q. What inspector? Mr. Schmidt?—A. Mr. Schmidt is the inspector.
Q. And who was the engineer?—A. Mr. Therriault, chief engineer of the ship.
Q. And Mr. Schmidt and who else? And did you approve of it?—A. What, :pairs?
Q. Yes?—A. Oh, of course, the machinery——
Q. Do you sign the accounts?—A. I signed the account after them.
Q. That is, they certified to it first?—A. First.
Q. And then you had to certify to it as well?—A. Anything regarding the echanical part of the ship.
Q. Yes, that is, the mechanical part was under the supervision of the engineer?—. Yes.
Q. Was there much that would be under your own personal supervision and nowledge?—A. Yes; and more, too.
Q. There would be?—A. But this would come under another heading; that was ne by Mr. Davie.
Q. I see.—A. Another contractor altogether.

Q. So that that is the way you got the hundred dollars?—A. Yes, sir.

Q. Had the work been finished then?—A. Having been ship-master going to foreign countries, I have been in the habit of getting this right along.

Q. What?—A. Having been ship-master, deep-water sailing for years before this, I had been used to get a present right along whenever a bill was settled.

Q. Whenever a bill was settled.

Q. Whenever a bill was settled?—A. Anywhere in any part of the world I have always got a present.

Q. You have?—A. So that is the reason I did not pay any attention to Mr. Drolet's presents.

Q. That is the reason you took them, you mean?—A. I took them, that being the rule all over the world.

By Hon. Mr. Cassels:

Q. Were all those presents all over the world given to your wife?—A. No, sir, they were always given to me, but these two particular ones, your lordship, were sent to my wife because I was away.

By Mr. Watson:

Q. Because you were away?—A. That is probably, I think, when Mr. Drolet got his cheque or got paid.

Q. So that payments were made to you when Mr. Drolet got his money, as you understand it?—A. That is what I understand, of course.

Q. Did you ever have any talk with Mr. Drolet about it?—A. No, sir.

Q. Never at all?—A. No, sir.

Q. Did you tell Mr. Gregory you had got the money?—A. Never, sir.

Q. Did you write a letter to the minister or deputy minister telling them you had got the money?—A. No, sir.

Q. Did you credit it on your salary?—A. No, sir, not likely.

Q. I see. That is the long and the short of that?—A. That is about all, sir.

Q. You just got it and kept it?—A. Yes. I never thought anything of it, because I had been used before I ever went into government employ to get these presents.

Q. In the government employ?—A. Before I went in.

Q. Before you went in, I see. And did your employers know about it in the other cases?—A. I think in some cases it would be, but——

Q. Generally it would not?—A. Generally it would not, no.

Q. I see?—A. As——

Q. Now, then, of course, this applies to Mr. Drolet. What about Mr.—this other man?—A. Mr. Davie?

Q. Mention whoever it is?—A. I never got any money from any one except Mr. Drolet.

Q. Why not?—A. From Mr. Drolet I got the money.

Q. How comes it that you did not get money from the others?—A. Others never offered me any. Another instance—I beg your pardon.

Q. What did you get besides money? In the place of money, anything?—A. Nothing to mention. Sometimes I would get a box of cigars sent me, on Christmas holidays it would very often happen a box of cigars would come from contractors with a card at Christmas time.

Q. Then, did you know of this being done with others? Have you any personal knowledge of the same thing going on with others?—A. No, sir.

Q. Eh?—A. No, sir, I never knew of it.

Q. Have you ever talked with others about it?—A. Well, a box of cigars; I would say to others I had got a box of cigars from so and so.

Q. You mean to say you generally got some little thing?—A. Yes.

Q. Wherever people supplied they generally gave a present?—A. Generally, but nothing to amount—oh, I would say perhaps $2 or $1.50, that I got in goods, cigars.

Q. No other cases of money, you say?—A. Except one time I was on a trip with the Governor General in the maritime provinces, and I was ordered, if I wanted any coal, to call on the Sydney Steel and Coal Company. The department had a contract there. I went in there short of coal and went to the mine and got 45 tons of coal.

Q. That is for the ship?—A. And they called me to the office to sign the bill, and the gentleman said, 'Captain, I haven't got a cigar to give you, but you can buy one,' and he handed me over $3.

Q. That seems to have been the system pursued, then?—A. That is what I have been used to.

Q. And you were falling into the system?—A. I never refused.

Q. You never refused. And you have come forward and plainly and frankly told the condition of affairs?—A. To say what happened.

Q. Are you a man of much means?—A. No, sir. I have just got enough. Of course, you know my salary is stopped now. I have just got enough to see my family all right over the winter.

Q. Well, captain, it is sad. Did you use to run down to the Laurentine Hotel?—A. Yes, sir. I kept the ferry there between Murray Bay and the Rivière Ouelle Wharf for three years, winter and summer.

Q. Who owns that hotel?—A. Mr. Gregory owns it.

Q. What is it called?—A. The Laurentine House.

Q. How far is that from here?—A. About 55 to 60 miles.

Q. Did you carry goods down there for Mr. Gregory?—A. I did, sometimes, as I came up here about once or twice a year, I carried whatever he had to send down. He used to ask me as a favour to bring down a few little things.

Q. Did you get paid for it?—A. No sir, no pay.

Q. Did your men work there at the hotel sometimes?—A. No, sir.

Q. Eh?—A. No, sir.

Q. What?—A. No sir, no sir.

Q. What men did?—A. He used to hire a man there.

Q. Eh?—A. He used to hire a man for different places.

Q. Who was there at the hotel?—A. A man named Mr. Donaldson, supposed to have rented the hotel from Mr. Gregory.

Q. Who was Donaldson, was he in the service?—A. I believe he was one of Mr. Gregory's men.

Q. In the Marine service?—A. I don't know whether he was paid by Mr. Gregory or the Department, but he was around there.

Q. Was he around the Department?—A. Around the Department and around—

Q. Mr. Gregory's hotel. Was he, apparently, in charge of the hotel?—A. He was in charge of the hotel, sir, because I understood he had hired the hotel for the summer.

Q. And when did you see him around the Department?—A. Well, in the winter after he came up from the hotel, he would be around there.

Q. Working there?—A. I believe he was.

Q. What is his name?—A. Albert Donaldson.

Q. He was around the Department?—A. Yes, sir.

Q. What was he doing around the Department?—A. A messenger like I think, that is what I think. I have seen him, and they had a shop there, where he was making cushions and fenders.

Q. And you used to keep the boat at the hotel there, for some time?—A. We used to remain there in summer time from 6 o'clock in the evening to 6 o'clock the next morning.

Q. I see by the correspondence from the Department, that complaints were made by the public that you stayed there an hour longer, so that the people would get their

breakfast at Mr. Gregory's hotel. You recollect that, do you?—A. I recollect complaints.

Q. Being made by the public?—A. But we used to run according to schedule.

Q. Yes, I suppose so. Did you change the schedule of time after that, when the complaints were made?—A. We did once.

Q. You only changed it once.—A. By order of the Department.

Q. The Department ordered you to change the time?—A. Yes, sir.

Q. You stayed there from 7 to 6 in the morning?—A. In the morning.

Q. Yes.—A. We used to start as soon as the train arrived.

Q. But your leaving time was 8 o'clock?—A. 8 o'clock.

Q. You were ordered to change that to 7?—A. But we could not change it to 7 because we used to start sometimes at a quarter-past, half-past.

Q. As near as you could?—A. Yes.

Q. Was one of the reasons for keeping the boat there until 8 o'clock, that people could have their breakfast or meal at the hotel?—A. Oh, I don't know. The time-tables were made by the railway and the Marine Department both.

Hon. Mr. CASSELS.—You could get a very good breakfast on the boat.

By Mr. Watson:

Q. Did you have breakfast on the boat?—A. We did at the time, but it was stopped.

Q. So anyone could get breakfast on the boat?—A. Two years, but one year it was stopped, there was no breakfast.

Q. And did Mr. Gregory give you any instructions about holding the boat there until after breakfast?—A. Written instructions.

Q. Written instructions from the department, here at Quebec?—A. It was done at Quebec, but I think they came from Ottawa because Mr. Gourdeau's name was on it.

Q. At all events, there was serious complaint about that?—A. Yes, sir.

Q. I assumed so by the correspondence?—A. Yes, and I have pretty often got into trouble about it myself.

Q. I see. I am informed that Mr. Donaldson left the department at the same time Mr. Gregory did. He was engaged in the department up to that time. That is the same man who was running the hotel down there?—A. Yes sir.

Q. Anything else you have got to say, captain?—A. Nothing that I can think of now, sir.

By Hon. Mr. Cassels:

Q. Did you ever carry any government property to that hotel and land it there?—A. No, my lord, no government property that I know of.

Q. Did you ever carry carpets and land them there?—A. No, my lord.

Q. Nothing of that sort?—A. No.

Q. Is it your notion that the thing is right where a captain in charge of contracts for machinery and having to pass approval upon it accepts a hundred dollar present from the contractor?—A. I didn't have to pass approval of the contract.

Q. Well, you had to see the work was done?—A. The engineer had to see.

Q. I daresay; but you were there overseeing?—A. Overseeing.

Q. And as captain?—A. I would come in first in charge on the ship.

Q. I asked, do you consider it proper you should take a hundred dollars from a contractor who was doing that work for you?—A. Well, yes sir.

Q. That is your notion?—A. Yes sir.

Q. What you came here to say is, there was no harm according to your view?—A. Yes. If I didn't think it proper I would not have taken it. It is done outside the government.

Q. That will do unless the senator has something to ask you. Have you any questions for him, senator?

Senator CHOQUETTE.—I will just put a few questions about that man Donaldson.

By Mr. Choquette:

Q. Mr. McGough, you did not see Mr. Donaldson employed by the department and paid by the department?—A. I do not know.

Q. You do not know at all?—A. I saw him around the department.

Q. I have been around there myself very often. A lot of men may have been around the department but not employed?—A. Oh no.

Q. You know Mr. Donaldson has rented the hotel?—A. Yes sir.

By Hon. Mr. Cassels:

Q. At Rivière Ouelle?—A. The Laurentine House.

By Mr. Choquette:

Q. Naturally you stayed at the wharf and had some business with Mr. Gregory?—A. Yes.

Q. Now, how much goods did you carry down from Quebec to Rivière Ouelle, belonging to Mr. Gregory?—A. Oh, very little, I couldn't tell exactly.

Q. A small affair?—A. A small affair. Boxes, such things as are required for a summer-house.

Q. And Mr. Gregory was spending the summer at the hotel?—A. At the hotel.

Q. And it was some of his personal effects?—A. Personal effects. I never looked at the boxes.

Q. You never made special trips?—A. Never.

Q. When you had trips you brought them down?—A. I used to come to Quebec in the spring after the winter's work to repair the ship, and two or three days before I was leaving Mr. Gregory asked me to bring down two or three things and to tell him when I would be ready to take them. I would tell him, and when I came from the dry-dock the things would be on the wharf, and in five minutes they would be on board.

Q. And you were going to that very wharf?—A. To remain for the night and take my trip next morning.

Q. Now, about this breakfast affair there. You never stayed at the wharf to please Mr. Gregory—A. Oh, no.

Q. Neither to please Donaldson, the lessee of the hotel?—A. No, sir.

Q. This schedule time was given by the department at Ottawa?—A. By the department.

Q. Is it not a fact that the boats run in connection with the I. C. R.?—A. The I. C. R.

Q. And are practically under I. C. R. control?—A. The boat is controlled by the Marine Department, but we run according to the I. C. R. time.

Q. And your time is 8 o'clock?—A. 8 o'clock.

Q. So when the train was there before 8 o'clock those who were willing to have breakfast there could get it?—A. It was a Pullman car.

By Hon. Mr. Cassels:

Q. They run a sleeper and the passengers sleep on board?—A. The Pullman-car was run down to the wharf about 7 o'clock or perhaps a little before, and of course those who hadn't got up wouldn't go to breakfast, but those up would run to the hotel and have breakfast.

By Senator Choquette:

Q. That was their own affair. You never kept the boat there?—A. Not after schedule time.

Q. No.

By Mr. Watson:

Q. Is that a large hotel down there?—A. Yes, sir, it is a hotel that may accommodate 75 people, I suppose.

Q. And how long since it was built?—A. It was built at three or four different times. Part of it was rebuilt I think two years ago, an addition to it of about 24 to 25 feet long.

Senator CHOQUETTE.—I am asked by my client to put a question, but I do not think it is very important.

Q. You remember having seen an article in the papers in February last saying that the boat was detained at the wharf to accommodate people?—A. I remember seeing articles, but the boat was not detained at the wharf to accommodate people; the boat was detained at the wharf by heavy ice and could not leave the wharf.

Q. Is it not the fact the hotel was not open?—A. It had been closed for four or three months.

Q. And at the same time they were complaining in February?—A. Yes.

(Adjourned at 12.50 p.m. to 2.15 p.m. and then resumed.)

P. J. H. MAILLOUX, recalled.

By Mr. Watson:

Q. This Exhibit No. 130, Mr. Mailloux—it is one of the books, my lord, produced from the agency here—the one side shows moneys received and the other moneys paid out?—A. Yes, sir.

Q. That is right, is it?—A. That is right, yes.

Q. So that on the left hand shows moneys paid, or rather received by Mr Gregory?—A. Yes, sir.

Q. And on the right hand page it shows the moneys paid out by him?—A. Yes, sir.

Q. Now, the first entry on the first page is April 30th, 1907?—A. Yes, sir.

Q. Received cheque No. A. $5,000?—A. Yes, sir.

Q. That was an advance payment made by the department to Mr. Gregory for the purpose of payment of salaries or what?—A. It was for the general upkeep of the agency.

Q. The general upkeep?—A. Of the agency. That is to say——I beg your pardon, I will explain my answer

Q. I do not know it requires any explanation just now. I will see. The general upkeep of the agency? It is to meet urgent disbursements?—A. Yes, sir, pay-lists and small advances that are to be made to the different officers travelling.

Q. Yes, $5,000. Then, apart from that, there are other entries on that page showing total receipts $9,328.09?—A. Yes, sir, comprising the $5,000.

Q. Certainly, certainly. You do not want to leave that out, do you?—A. No.

Q. And on the other side opposite that are shown disbursements of the same date, June 25th, amounting to $4,328?—A. And 9 cents, yes, sir.

Q. And 9 cents. So that at that time, from April 30th to June 25th, apparently there was a balance in his favour of $5,000, about?—A. Yes, sir.

Senator CHOQUETTE.—What page is that?

Mr. WATSON.—First page.

Q. Now then, take the next page. The balance is carried forward, and at the foot of the next page the moneys received amount to $14,922?—A. Yes sir.

Q. And the amounts paid out $10,922?—A. Yes sir.

Q. A balance still to his credit?—A. Yes, sir, a balance of about $4,000.

Q. Yes, about $4,000. Then the next page, leaving out the items—it includes the former receipts, my lord, they are not separate receipts as distinguished from the prior receipts. The total receipts carried forward to November 4 are $20,035, we can leave out the cents?—A. Yes.

Q. And on the other side October 12 is the last entry, the disbursements are $16,033?—A. Yes.

Q. $4,009 still to his credit?—A. Yes sir. You will see this was disbursed on October 12, and in the meantime the balance was not so high.

Q. Yes.

Senator CHOQUETTE.—I beg your pardon, let me explain. He is looking at the book and he has a right to explain.

Mr. WATSON.—Certainly.

Q. If you would just follow the question you would observe that I said on November 4 the total receipts were $20,033?—A. Yes.

By Hon. Mr. Cassels:

Q. Up to November?—A. Yes, my lord.

By Mr. Watson:

Q. And up to October 12 inclusive, the total disbursements were $16,033?—A. Yes sir.

Q. Then the next page, up to March 17, 1908, the total receipts are $31,204?—A. Yes sir.

Q. And then up to April 3—that was the time of Mr. Gregory's suspension was it?—A. The 31st March, sir.

Q. Yes. The total disbursements balance, making $31,204?—A. Yes. The amount was placed to the credit of the Receiver General.

Q. Listen, there was merely $32.20 transferred to petty cash in order to make the one side balance the other?—A. Yes. This balance when Mr. Gregory was suspended was still at his credit.

Q. And transferred to petty cash?—A. Transferred to petty cash, and I deposited the amount of $1,500 to complete the credit to the Receiver General of the $5,000 advance.

Q. Certainly?—A. And then another advance was made in my name.

Q. That is all right. So that during the whole of that time, from April 3, 1907, up to the first of April, 1908, there was always a balance to his credit?—A. Yes sir.

Q. Of receipts over and above disbursements?—A. Yes.

By Hon. Mr. Cassels:

Q. Does that follow? Because each of those pages comprises a great many items of credit, and he paid out——?—A. Yes, they follow.

Q. You say there was always a credit balance?—A. Always a credit balance, sometimes smaller, sometimes larger.

Mr. WATSON.—Up to $5,000.

Hon. Mr. CASSELS.—What I want is this, Mr. Watson. You take certain dates at the top of the page and certain dates at the bottom of the page, well, there may be thirty creditors and thirty payments. Now, it might not follow that all through those different thirty days, or whatever the time was, there would be a credit balance. This witness says there always was.

Mr. WATSON.—That is quite apparent from the amounts entered here, my lord, and the balance was all the way from the last sum, that is $32, that was the balance at the very end, up to $5,000.

WITNESS.—Yes sir.

Q. The amounts varying. For the most part, your lordship will see, on most of those pages the balance was about $4,000. That is taking it from that time. Now we have the book before that time. Who kept this book, Exhibit 132??—A. This book

was considered Mr. Gregory's book, but it was considered as his officially. I made all the entries, except may be one or two that were not made by me.

Q. It was a departmental book?—A. Certainly.

Q. The same as the other, a departmental book?—A. This was not in the same sense a departmental book.

Q. They were both departmental books?—A. Yes sir.

Q. Nothing private about either of them?—A. It was Mr. Gregory's private money, part was disbursed from his own private money.

Q. Just wait. Now, this starts with September 25th, 1905?—A. Yes, sir.

Q. Where is the book before this time?—A. I don't know where it is, sir, these books have always been——

Q. Wait, please. You were there before September, 1905?—A. Yes, sir, I was there in April.

Q. You made entries in the books?—A. Some of the books.

Q. Where is the book?—A. As I have already stated these books were kept by Mr. Gregory in his own box.

Q. Yes, but the entries were made in them by you?—A. When cheques were either paid or received Mr. Gregory handed me the book and I made the entries, and he kept the book.

Q. Yes. What has become of the book?—A. I could not tell you Mr. Watson.

Q. When did you last see it?—A. The previous book, I haven't seen it since that date, about November, 1905.

Q. You have not seen it since?—A. No, sir.

Q. Do you know what has become of it?—A. I could not tell.

Mr. Watson.—Perhaps my learned friend, Mr. Choquette, can tell where the book is.

Mr. Gregory.—It is all in my private bank-book.

By Mr. Watson:

Q. It is not a bank-book; it is a book of account. There was a book like this before?—A. A book similar to this.

Q. That is what I mean. And have you looked in the department to find it?—A. I am positive it is not in the department.

Q. Not in the department?—A. Not in the department, Mr. Watson.

Q. Then this starts September 25th, 1905?—A. Yes, Mr. Watson.

Q. And page 1——It has the same page on each side, my lord, left and right——at the foot of that page, September 25th, 1905, to March 13th, 1906——is that right, or 10th?—A. 13th, I think.

Q. The total receipts were $31,855?—A. Yes, sir.

Q. Do you see that? Then on the other side——is that June there or January?—A. That is January, sir.

Q. On the other side the disbursements run down to the 25th of January, 1906?—I beg your pardon. Those are entries of small amounts, travelling account.

Q. I am not asking what the items are?—A. It is 25th November.

Q. 25th November?—A. Yes.

Q. But that is January, (indicating)?—A. Yes, January, travelling expenses.

Q. That is January?—A. Yes, sir, the entries were made in January.

Q. Why do you say in November?—A. I tell you this account was not paid until the 15th of December.

Q. Which?—A. See (indicating) the account of Mr. Hicks was $206.

Q. I do not want to get it involved. I am at dates now. These pages run up to what time?—A. The 25th of November, 1905. This is the right hand side of the page.

Q. Then how does it come that this last entry of a month is January?—A. I give you the explanation, Mr. Watson. This entry of the 22nd November, a payment to H. Hicks——

Q. Oh, no, no?—A. I beg your pardon.

Q. That is January, is it not?—A. Yes, sir, yes, sir. That was $266.75. Mr. Hicks produced another account of $9, personal expenses of $9, which was included in the original account forwarded, and the cheque received was $275.75, and on the 18th of January Mr. Hicks was paid the $9. That is the reason for the entry on the 18th of January for $9 completing the $275.75.

Hon. Mr. CASSELS.—What is the date of the first page on the other side, the next page?

Mr. WATSON.—We will just see, my lord. The next is November 27th, that is right. So that January was just interlined?—A. Afterwards.

Q. Interlined there?—A. Yes, sir.

Q. To complete the one transaction. Now, on the next page——

Hon. Mr. CASSELS.—You have not given what it showed up to November last.

Mr. WATSON.—No, I have not. On the next page——well, on that side, my lord, it is $26,000.

Hon. Mr. CASSELS.—Yes.

By Mr. Watson:

Q. $26,855. On the opposite page is $31,855. Now, take page 2, on the credit side there appears $39,645.—A. Yes, sir.

Q. And on the debit side, $39,278?—A. Yes, sir.

Q. Yes. Now, these dates correspond at the end?—A. Yes.

Q. One is April 4 on the credit side and the other is April 3rd on the debit side, that is right, is it not?—A. Yes, sir.

Q. 1906?—A. Yes, sir.

Q. So that we get a corresponding date there, my lord, and at that time there was to his credit a balance of a little less than $400.—A. About.

Q. Yes, a little less than $400, throughout as it runs there. Then the next page is, May 22nd, 1906, it starts and it ends August 31st, 1906, is it?—A. Yes, sir, May 22nd runs through to August.

Q. And the total amount received was $48,220 and the total amount disbursed, August 20th, that is practically the same date, is it?—A. There was $550 more expended.

Q. That is just the same.—A. Yes, $500 difference.

Q. Now wait. For a different date?—A. Yes.

Q. August 31st, you received up to that time, say $48,220?—A. Yes, sir.

Q. And on August 20th, the amount disbursed was the same sum, $48,220?—A. Yes.

Q. So they ran pretty even I see between August 20th and August 31st.—A. There is only $500 disbursements.

Q. About $500?—A. Disbursements, yes, sir.

Q. Yes, that explains that. Now we will take the next page, starting September 8th, 1906, and continuing to November 7th, 1906, and the total is $58,577?—A. Yes, sir.

Q. And on the other side the debits are just the same?—A. Yes.

Q. That is not quite, however, to the same date?—A. Not to the same date, this runs only to the 17th of October.

Q. Yes, the 17th of October.—A. On the credit side.

Q. Yes, then the next page 5, total receipts in this account $74,995 and disbursements the same?—A. Yes, the same exactly.

Q. They kept up pretty even. And the next page again—oh, yes, February 14th, 1907, $82,382, and on the other side the same just about to the same date, February 1st?—A. February 14th.

Q. Yes, there is that difference. And then the next page, $86,046 April 17th to March 30th, the disbursements were the same?—A. Yes, sir.

Q. What are these two items that are scratched out there? (indicating). Who did that scratching?—A. Excuse me, sir, I will snow you the entry.

Q. Did you do it?—A. Yes, sir, I did, very likely.

Q. Well, now, we have not got any time to loose.—A. This is on account of construction, this was on account of maintenance, and the—

Q. And the entry was—A. It was put in by error and entered regularly.

Q. Entered by error. These correspond pretty well. Now, construction again at the next page.—A. Is a continuation of the other.

Q. To June 17th, 1907—oh, it starts afresh, does it?—A. Yes. This was cancelled and a new advance was made then.

Q. Yes, that is up to 1st April?—A. Yes. You see—

Q. That is all right—never mind. That is up to 1st April. Then in April there is a further advance of $5,000?—A. Yes, another advance of $5,000.

Q. And the account starts afresh?—A. Yes.

Q. It is balanced up to that time, that construction account just ends here with this page?—A. It continues on here (indicating).

Q. There are only a couple more pages?—A. Yes, sir.

Q. So I will just complete it. On page 8 amount received $9,083, disbursed same sum—A. Yes, sir.

Q. Nearly the same dates. This is a little different form you have got it kept in here?—A. Yes.

Q. What did you want to change this form for?—A. This is the amount here of $5,000. When balancing the same amount was kept, it was transferred to that other account in the first book.

Q. Let me see that first book again, let us see the date of that. That is April 30, 1907. Oh, we have got to the same date now?—A. Yes, sir, the previous page.

Q. The previous page?—A. Yes, the same cheque.

Q. There is no object in going over that?—A. I will explain this. At the time the account was being kept separate, the advance account was separate from all other accounts. This shows the——

Q. The receipts and disbursements. So that from the commencement of this first book, September, 1905, down to the first of April, 1908, the one side practically balances the other throughout?—A. Well, Mr. Watson——

Q. According to the entries you have got?—A. According to the entries. There was sometimes 15 days—not 15, but 13 days, 12 or 13 days from the time the bills were forwarded and the cheques were received back from Ottawa.

Q. Yes. And during that time we have, apparently, advances of four or five hundred dollars, but with those exceptions the debit and credit side balance each other through the whole of this period?—A. Yes, with a few exceptions.

Q. Yes, with the few exceptions you mention. That is what I wanted to make clear if it existed. Now then, pass on to the next class, we get there that class of entries, what are those here (indicating)?—A. Exactly the same. This is a special advance of $300 for Maritime Road.

Q. That is just an advance?—A. A cheque forwarded for $300.

Q. Listen. October 1, 1906, Maritime Road, $300?—A. Yes.

Q. Expended between November 9, 1905, and March 20, 1907?—A. Yes sir.

Q. Nothing out of pocket there?—A. No sir.

Q. This next one is Maintenance and Steamers?—A. Yes sir.

Q. This starts August 2, 1906. Now, where is the record of this account prior to that date?—A.—Prior to that date?

Q. Yes Maintenance and Steamers?—A. Mr. Watson, it commences November 1, 1905.

Q. Does it?—A. Yes.

Q. Well, where is the record prior to that time?—A. It was in the other book.

Q. In the other book you have not got, that is missing?—A. Yes, sir.

Q. As far as you know the entries in the other book practically correspond with the entries in this?—A. They were exactly in the same way.

Q. And balancing up just about the same that these balance up?—A. Well, I could not positively say they balance absolutely exactly, but they were something like.

Q. Practically, say a matter of four or five hundred dollars difference?—A. Sometimes more than that.

Q. For ten days or two weeks?—A. It happened sometimes it was more than that at the end of the fiscal year.

Q. We have not got the books unfortunately. Well, this Maintenance and Steamer account, we will not take so much time with it. I see at the foot of the pages these are balanced up in the same way?—A. Exactly the same way.

Mr. WATSON.—I need not take down the figures, my lord.

Hon. Mr. CASSELS.—Do those show the payments made to Murphy and Blakiston?

Senator CHOQUETTE.—No.

By Hon. Mr. Cassels:

Q. Do those payments show those made to Murphy and Blakiston?—A. Those show only the pay-lists for the department.

Q. I asked you do they show the payments made to Murphy and Blakiston?—A. No, Mr. Justice.

By Mr. Watson:

Q. These are just legitimate payments in the regular course of business?—A. Yes sir.

Q. I see. And these are balanced up on practically the same dates throughout. There is a difference of 10 or 12 days sometimes?—A. Yes sir.

Q. There, for instance, (indicating) is September 17 and there is September 4?—A. Yes, paid on the 4th.

Q. And they just run the same way throughout. So that, practically, throughout the whole of this account, Maintenance and Steamers, the same condition of affairs existed with a very slight difference of 10 days or so, one side of the account balances with the other at the end of each page?—A. With a few exceptions.

Q. Yes with a few exceptions that is the condition of affairs. Then, that being so, it is manifest from these books that with a few exceptions for the short periods there were no advances by Mr. Gregory?—A. Sometimes.

Q. Now then, did you get anything else?—A. Mr. Boyle, I think, had instructions to prepare a personal ledger for the different merchants. We have been working all night Saturday and Sunday and last night, and it is not completed. I hope it will be completed in——very likely to-night it will be completed; if not to-night, to-morrow.

Q. Then you prepare for us——just as a matter of record, my lord——a statement of the steamships and their officers, the *Druid, Montcalm, Eureka, Champlain, Constance* and *Arctic*...Is that all, did you prepare that?—A. This was prepared for Mr. Belinge's information.

Q. Did you prepare it?—A. No, sir.

Q. Have you seen it?—A. Yes, sir.

Q. Is that correct? (producing)—A. Excuse me, I will go over it. This was correct at the time.

Q. That is what date? There is no date to it?—A. There is no date. It was prepared the beginning of June, Mr. Watson.

Q. The beginning of June this year. That is near enough. It contains particulars of those ships or vessels, as they are called, my lord, and also of the lightships.

WITNESS.—And the officers commanding them.

(List marked Exhibit 156.)

Q. Then you have here too, a list of the officers in the department, including the office clerks. I wanted that. There are other employees——do you know Mr. Donaldson?—A. Yes, Mr. Watson.

(List of departmental officers marked Exhibit 157.)

Q. How long has Mr. Donaldson been in the service?—A. I could not tell you, he was in the service when I went into the office.

Q. He was?—A. He was, yes, sir.

Q. What were his duties in the department?—A. I understood he was Mr. Gregory's messenger.

Q. Mr. Gregory's messenger paid by the department?—A. Well, when he worked as messenger, but not always paid by the department.

Q. Well, have you any record of the payments to him?—A. I have not got them with me, but they can be prepared.

Q. Can they?—A. Certainly, Mr. Watson.

Q. Then we had better stop. I would like to see a record of the payments to him and any others in a similar position?—A. I will take a note of it, Mr. Watson, and have it prepared.

Q. I suppose returns were made to the department?—A. Yes, when they were paid they were entered on the pay-list. We have copies of the pay-list.

Q. Let me have copies of the pay-lists. That will be for 1904, 5, 6 and 7?—A. Which, Mr. Watson?

Q. A copy of the whole of the pay-lists. That will include Mr. Donaldson?—A. Yes, sir.

Q. And that will show the time he was paid, will it not?—A. Yes, Mr. Watson.

Q. That will do for the present.

Senator CHOQUETTE.—You have not finished with the witness?

Mr. WATSON.—I am going to get him back, but I have no objection to my learned friend going on. If he wishes I will recall him on that list. You can proceed now, Mr. Choquette, or afterwards, just as you please.

Senator CHOQUETTE.—That is very hard to go on with the *enquête* like that.

Hon. Mr. CASSELS.—It is almost impossible for it to be otherwise, because witneses come here with all this material, it is very difficult for counsel to get it, extremely difficult, almost impossible, and it only comes to light in the witness-box. If you like to cross examine this witness now, well and good. I should like to get a list of another character, a list of those payments.

Senator CHOQUETTE.—I will just put a few questions. With things jumbled up in this position it is very hard to cross-examine. I will just put a few questions.

Now, the witness is French and I would ask the Court to let me cross-examine in French. It is much easier for me, and he is French himself and we have a French stenographer. It is very hard for him to be examined in English, because I remarked, and your lordship will probably remember, the witness himself in his examination-in-chief was time and again obliged to have an explanation and say, 'I do not understand what your question is.' I am doing my very best to please my learned friend.

Mr. WATSON.—I may point out to my learned friend that of course I have been conducting this examination. My learned friend, Mr. Perron, has been otherwise engaged, necessarily, during that time and has not been following my examination, and, therefore, if my learned friend were to cross-examine now in the French language I would not be able to re-examine properly. I have asked my learned friend as a favour to me to pursue it in the same way, and I think he will do so.

Hon. Mr. CASSELS.—As I understand you are only going to put now a few questions. Well, you can put them in Enlish and then recall him later and conduct your cross-examination in French.

Senator CHOQUETTE.—I will begin my examination, it will not be very long. As a courtesy to my learned friend I will conduct it in English, but I would ask that French witnesses for the future, if my learned friend cannot question them in French, that he let my learned friend Mr. Perron do so. I will continue my examination in English as a personal favour to my learned friend. I know a little English, but not enough for this important examination. However, for this once, as the witness has been willing to answer in English, and as a matter of courtesy to my learned friend, I will examine in English.

Hon. Mr. CASSELS.—Yes. On other occasions your suggestion as to French witnesses might be followed.

By Senator Choquette:

Q. Now, Mr. Mailloux, will you look at this very book you have been speaking of beginning on April 30, 1907, and continuing to June, 1908—no, wait a minute?—A. It goes to March 31, 1908.

Q. And tell me the total amount received and spent in that book?—A. Yes sir. The advance received from the department was $5,000.

Q. Yes?—A. And then the payments were made on June 3.

Q. Give me the lump sum, the total sum?—A. The total of the amount disbursed aggregate to $26,204.14.

Q. Well now, is it not a fact that the largest amount of this money has been advanced by Mr. Gregory to you to pay wages and different things, and to be recouped to him only by cheques coming back from the government and due to these very people?—A. Well, I understand, Mr. Choquette, that I have had on that $5,000 on July 18 a thousand dollars for the petty cash. That is kept absolutely separate, and that is entered here in the disbursements, it appears on July 18, advanced——

Q. Yes, I understand. I am not going to discuss in detail this thing. I just wish to put this question; is it not a fact that during 1904-5-6 and 7, Mr. Gregory advanced half of this money to pay these amounts?—A. Yes sir.

Q. Yes. Is it not a fact that during these four years these little amounts of which you have details there have been on an average $30,000 to $40,000 every year?—A. Every year.

Q. The amount necessary to cover the small expenses, what you call the petty cash there?—A. Oh no.

Q. It was $31,000 in 1907?

Mr. WATSON.—That is received from the department?—A. Let me explain to you, senator. On June 3, 1907, pay-lists were paid which aggregate—or we will take another amount up to the 19th, or take the whole month of June, it amounted to $5,293.13 that we paid.

Senator CHOQUETTE.—Yes. I don't think you understand my question well. All I wish to ask you is this: is it not a fact that the amount necessary to pay wages at the office varied between thirty thousand and forty thousand dollars a year for the last four years?—A. It required more than that, a great deal more than that. These wages paid here by the agency are only those of the labourers or skilled labourers employed on the premises.

Q. That is what I say.—A. They amount to about an average of between $2,500 to $4,000 every fortnight.

Q. Every fortnight?—A. Yes, sir.

Q. Anyhow, you have three books, this one, another one, and one you could not discover, but the entries are about the same?—A. Exactly the same.

Q. So according to this book the total amount received and spent is about $51,000?—A. This one covering the period from the 3rd of June to the 12th of October, amounted to—to the 24th December, amounted to $31,000.—A. Yes.

Q. I wish to ask you now, is it not a fact that it was always the same amount during the same length of time?—A. About the same, practically. Sometimes in the spring or fall, the amounts were larger, sometimes in the winter and summer they were smaller.

Q. And you say this amount of $50,000, Mr. Gregory had very often advanced money on that?—A. He advanced some of it.

Q. Well, what amount per year would you guess?

Mr. WATSON.—The figures speak for themselves.

WITNESS.—Is it the total, Mr. Choquette?

Senator CHOQUETTE.—About what amount he would advance himself during those years on the $30,000 in a lump sum?—A. During that very period?

Q. 5 per cent, 10 per cent, 50 per cent?—A. Well, I will not give—I could not give that without getting it properly checked.

Hon. Mr. CASSELS.—What you can do is this, you can easily balance that from entry and see whether it is debit or credit.

Senator CHOQUETTE.—That will take a long time. If the witness would say only 10 per cent or 25 per cent I would be satisfied with that.

Hon. Mr. CASSELS.—The point is this, these advances were made only over a very limited time.

Senator CHOQUETTE.—The following question will be, how long was the advance made?

Hon. Mr. CASSELS.—That can be ascertained by balancing the entries.

Senator CHOQUETTE.—But in a general way, I put it in a general way. I don't rely much on it, I don't put much stress on that.

Hon. Mr. CASSELS.—Take it by weeks, say.

Senator CHOQUETTE.—Well, the first question is: what is about the amount that Mr. Gregory had advanced of his own money on the $31,000, to the best of your knowledge?—A. Oh, about $2,000 on that during that period.

Q. $2,000?—A. Yes.

Q. For how long a time, for what length of time?—A. That is five months.

Q. What length of time elapsed between the advance and the time he was recouped his money, only for that amount, because I will come back to the big amount later on.—A. For instance, on the 19th of June, the pay-list ending on the 15th of June, 1907, we paid, and they were recouped on the 25th, the 19th to the 25th. The pay-list for the next fortnight we paid on the 4th of July and were recouped by a draft on the department for the same amount the very same day. Now, on the——

Q. The book will be there and speak for itself. But in 1906 was it about the same thing, or was the money more scarce?—A. Well, that depended on the time in 1906.

Q. Well, during the summer or spring—begin with the spring?—A. In the spring at the time the fiscal year ended and the estimates were not voted yet, the amount was a little higher.

Q. And you had to wait a little longer?—A. A little longer.

Q. Is it not a fact that in 1905, it was a little worse?—A. Well, I could not tell without having the books to make it out.

Q. Anyhow, I will produce some telegrams from Ottawa:—A. I would have to balance the books at every date to make it up.

Q. Now, Mr. Mailloux, I see by the opening statement of Mr. Watson that in 1905 your department spent nearly a million dollars, $962,577.61. Will you look at this statement and see if that is the amount you were spending in your department?

Mr. WATSON.—That is the return I got from the office.

By Senator Choquette:

Q. I know?—A. Well, I have not got the figures with me, but I presume these figures are quite right.

Q. Will you just give them there.

Mr. WATSON.—We have them here already.

WITNESS.—We have our annual report, but these figures are quite right.

Mr. WATSON.—These figures are taken from it.

By Senator Choquette:

Q. Very nearly a million dollars?—A. $935,400 for one year and the other year $962,500, the other year $874,000.

Q. Yes. In those amounts are included, I suppose, all that was furnished to the department by the different people who have been called as witnesses here?—A. Yes sir.

Q. Mr. Davie, Mr. Samson, Mr. Blakiston?—A. All these gentlemen are included in——

Q. Well, can you tell me how long those people in 1904-5-6 and 7 had to wait for their money?— I wish to be sure, and I put the question that way. It is just as well, I think?—A. Mr.——

Q. Beginning with 1904?—A. 1904?

Q. Yes?—A. We have prepared—since three days we have been working day and night to prepare a statement showing the date the accounts were put in the office, not received at the office, but dated by the merchants.

By Mr. Watson:

Q. And the time they were forwarded?—A. And the time they were forwarded and the date they were paid, and this record will be produced directly in a couple of days. We can make up all the additions, the total amount on every one. If you don't give us time we cannot do it.

Q. You say, as I understand——?—A. Those books just produced as exhibits covering four years will be produced.

Hon. Mr. CASSELS.—Mr. Watson, I think it would be of moment to find out when these accounts with these different merchants were rendered, when they were received at the Quebec office, when they were forwarded to Ottawa, and when they were paid. That is being prepared?

Mr. WATSON.—We asked for that last Thursday for the purposes of the case, my lord.

Hon. Mr. CASSELS.—The purpose is to show how long they were out of the money. The other important thing is whether Mr. Gregory was out of pocket anything. He says these drafts, for instance, were discounted by the purchaser. Well, his endorsement may or may not be of any consequence.

By Mr. Watson:

Q. Try and expedite that as much as possible, Mr. Mailloux?—A. I beg your pardon.

Q. Have that done as quickly as possible?—A. Yes. Since two nights we have been working day and night, all the clerks in the office, and in two years there is about one month made to all the additions not made out showing the total amount with each firm, but that will be produced as soon as ready.

Senator CHOQUETTE.—Well, Mr. Mailloux, before we get all that, can you say from memory if a great length of time elapsed between the——

Mr. WATSON.—What is the use?

Senator CHOQUETTE.—Just in a general way. I feel it my duty to my client to put this question now. Can you say from memory if a great length of time elapsed between the sending of the accounts to the department and the payment of them to the different parties who have come forward as witnesses?—A. The different parties who were called?

Q. In a general way?—A. For Mr. Holliday there was no delay, hardly, except one account for the chartering of the *King Edward,* for a trip to—or something like that this payment was delayed.

Q. How long?

Mr. WATSON.—If my learned friend would pardon me. Is there any use in guessing when we can have accurate material in a day or two.

Hon. Mr. CASSELS.—The Senator won't be a moment.

By Senator Choquette:

Q. Can you tell me?—A. The other accounts of Mr. Holliday?

Q. I don't mean particularly, I mean generally. A. Generally?

Q. Yes. A. There have been three parties called——

Q. Yes, generally.—A. It is very hard to answer the question.

Mr. PERRON.—I would not like to make a guess.

By Senator Choquette:

Q. Were you in the department in 1904?—A. Yes, in April.

Q. Were you there in June, 1904?—A. Yes sir.

Q. Do you know if money was voted there, or if you were short of money to pay accounts and expenses of the department there at the time?—A. Yes. I remember it was short. That is the time the *Arctic* arrived, and the money was short.

Mr. WATSON.—The *Arctic* ate up everything, she took all the money.

By Senator Choquette:

Q. Did you have some telegrams from Ottawa to try and get the money to pay the accounts and expenses, running expenses of the department?—A. Very likely we have had.

Q. Will you look at this telegram and say if you received that from the head office in Ottawa telling you to get money?

Mr. WATSON.—Is that an original?

Senator CHOQUETTE.—Yes, from Mr. Gourdeau.

Mr. PERRON.—From the telegraph office, the original itself?—A. That is what you received. Where is the original?

Senator CHOQUETTE.—That is the original telegram. It reads thus: 'To J. U. Gregory, Marine Department, Quebec. Supplementary money not yet available. Try secure $10,000 which will be recouped shortly. F. Gourdeau, Deputy Minister Marine and Fisheries Department.'

Marked Exhibit 158.

Hon. Mr. CASSELS.—Don't you think the bank would have discounted any draft?

Senator CHOQUETTE.—I am putting the facts before the public.

Mr. GREGORY.—I object to these accounts being put in now, I object seriously, it is not the time to put them in.

Senator CHOQUETTE.—Why not, you asked me to put them in.

Mr. GREGORY.—I will put them in when the time comes. That is my defence. I have a defence in this matter, and when I am put on the stand I intend to use it.

Senator CHOQUETTE.—Do you wish to withdraw that telegram now?

Mr. GREGORY.—Yes.

Senator CHOQUETTE.—We cannot produce it before the court unless we leave it with the court as an Exhibit.

Mr. GREGORY.—I want it back.

Hon. Mr. CASSELS.—You can take it back.

Mr. GREGORY.—I want it back.

Hon. Mr. CASSELS.—Any objection, Mr. Watson?

Senator CHOQUETTE.—I told my learned friend I would leave it in court if put before the witness.

Mr. GREGORY.—Later on.

Senator CHOQUETTE.—I prefer that myself, but you asked me to put it in. If you insist I will have to cross-examine on it later.

Hon. Mr. CASSELS.—All right. (Telegram marked Exhibit 158 withdrawn).

Hon. Mr. CASSELS.—Do you propose to show a system which has grown up to a custom and which is followed as a custom? You can give your evidence as to that, but so far as I am concerned it would not have a bit of weight if the custom was wrong. Suppose for the last 20 years——

Senator CHOQUETTE.—Since Confederation——

Hon Mr. CASSELS.—Mr. Gregory had been doing what he had not a right to do, it would not have the slightest effect now. If wrong then it is wrong now. That is a matter, however, for defence, if there is defence. There cannot be a custom of wrongdoing.

Senator CHOQUETTE.—I wish to show that that has always been the case.

Hon Mr. CASSELS.—I do not know what your defence is, whether this is authorized by the department generally, or whether shared in by the officials at Ottawa. If you plead a system of wrongdoing we will receive anything you may choose to put in.

Senator CHOQUETTE.—I suppose under the circumstances the Court will make some allowance for my client, he being naturally nervous and excited. A minute ago he asked me to put a question before Mr. Mailloux went out of the box, and in putting it I was obliged to put in a telegram. My client at the moment thought he would not be able to get that telegram when he wanted to make his statement. I have told him since that he will be able to have it when he likes, so under the circumstances he is quite willing to have it produced. As I say, I hope your lordship will be willing to make some allowance for his nervousness, as he is an old man and in a trying position. I ask your lordship to allow me to place the telegram before the Court.

Hon Mr. CASSELS.—I understand Mr. Gregory wanted the telegram to make his defence. There was no objection to his having it back.

Senator CHOQUETTE.—I think it better to put it in, in his own interests.

Hon. Mr. CASSELS.—All right.

(Telegram marked Exhibit 158 and then withdrawn now put in again).

C. THOMSON SCHMIDT sworn.

By Mr. Watson:

Q. Mr. Schmidt, you have attended here quite voluntarily on your part and have requested to be called before the Commission?—A. Yes sir.

Q. It is in that way that you are now on the witness-stand. You are aware of the evidence given by Mr. Drolet a few days ago?—A. Only through the medium of the newspapers.

Q. Yes. How long have you been in the departmental service?—A. About four years—three years and eight months.

Q. That is you commenced?—A. In May of 1905, would it not be?

Q. 1905?—A. Yes.

Q. A little more than three years ago—A. Yes sir.

Q. And you commenced in what capacity?—A. I entered the service after a competive examination as an inspector of everything that belonged to the Marine and Fisheries Department.

Q. Inspector?—A. Inspector. My examination was based on my knowledge, of hulls, engines, boilers and any other machinery that belonged to the Department of Marine and Fisheries, including the fog alarm system throughout Canada, as far as I know.

By Hon. Mr. Cassels:

Q. You are not confined to Quebec?—A. No sir. From Halifax to Vancouver, as far as the title of the position goes.

By Mr. Watson:

Q. So you are not attached to this particular branch in Quebec?—A. No sir.

Q. I observe that your name does not appear upon the list of officials here at Quebec?—A. No, sir. I never knew where I was attached to, except it was Ottawa. The residence is supposed to be in Halifax.

Q. And you have continued to act in that capacity?—A. No, sir. Shortly after my appointment Mr. McConkey was appointed to assist in the inspection of hulls, and I, though never officially notified, dropped out of that work.

Q. Out of the inspection of hulls?—A. Yes, sir.

Q. All other matters of inspection have been attended to by you?—A. Yes, sir, and I have ocasionally been instructed to inspect hulls.

Q. And is there any other inspector having the same jurisdiction with yourself?—A. No, sir, only an assistant I have in Halifax who is not a mechanic.

Q. So you have large responsibilities?—A. Yes, sir.

Q. Throughout the whole service?—A. Yes, sir.

Q. And you are pretty constantly on the way, I should think?—A. I am never at home.

Q. Are you a married man?—A. Yes, sir.

Q. Where do you live?—A. In Rockingham, Halifax County, Nova Scotia.

Q. You were engaged at what salary?—A. A salary of $1,500.

Q. And continued at that?—A. Yes, sir. There was a verbal promise between the late minister that it would be increased at an early date, because I gave up a position with a higher salary to take the one I have now.

Q. I see. $1,500 a year. I observe by the evidence of Mr. Drolet that you have received from him during that period of practically three years, $1,773. Did you get moneys from that firm?—A. Yes, sir; but as for the amount, as I told you, I came to Quebec unexpectedly and I am not prepared, in fact I don't think I could even tell to make certain, but not that amount.

Q. I suppose you would say practically about that?—A. No, sir, a good deal below.

Q. Perhaps it would not amount to more than $500 a year?—A. Oh no, it would not amount, I don't think, to any more than $1,000 that I have received from Mr. Drolet's clerk as a bonus.

Q. That is your recollection, is it?—A. Yes, sir, I have kept no record of it.

Q. No record?—A. No, sir.

Q. So you are not quite accurate about that?—A. No, sir, I am not; and I might say——

Q. Their book-keeper, I believe, says it is this sum of $1,773?—A. Yes, sir.

Q. Now then, by the accounts put in by that firm to the department you have, I see, in very minute instances, perhaps the majority of them, certified to the correctness of the accounts.—A. Yes, sir.

Q. That is the fact, is it?—A. That is the fact.

Q. Is that what you got paid for?—A. Yes, sir.

Q. That is, as an official of the department it has been your duty to certify——

Hon. Mr. CASSELS.—Mr. Watson, what does the witness mean by that, paid for by whom?

Mr. WATSON.—Paid for by Drolet.

WITNESS.—I don't think so.

Q. Just see. I asked you whether you had certified to those accounts of Mr. Drolet?—A. Yes, sir.

Q. Certified to the deprtment that they were correct?—A. That they were correct, yes, sir.

Q. And I asked you, is that what you were paid for by Drolet?—A. Oh no, sir, no sir.

Q. You misunderstood me?—A. I thought I was paid by the department.

Hon. Mr. CASSELS.—I thought the witness did not mean it as it first appeared.

WITNESS.—Thank your lordship.

Mr. WATSON.—I am glad your lordship called attention to it.

Q. If that is not so, what were you paid for?—A. Well, it is a practice of that firm to give a bonus to all superintending engineers, no matter whether they are Chinese, Hindus, Canadians, Englishmen, or who they may be, whenever you come here with work there is a certain amount of their profits used for that purpose. I presume it is like a microbe in the air, it is somewhere in the account but you cannot find it yourself.

Q. But you seem to have found some of it?—A. What I want to get at is this, that it made absolutely no difference whether I accepted what was given to me as a present, or whether I did not, and that was made very clear to me by——

Q. What services, if any, did you perform for Mr. Drolet?—A. None directly, only, that I——

Q. Go carefully now?—A. I gave him on several occasions, I was able to give him ideas.

Q. Ideas about the amount of the accounts?—A. No sir.

Q. What kind of ideas?—A. Mechanical ideas and one or two other things, and whether or not I gave him any of these made no difference.

Q. Then did you perform services for Mr. Drolet for which these payments were made?—A. No sir.

Q. You did not?—A. No sir. I have served Mr. Drolet in no way except to give him the benefit of my experience to his own mechanical advantage.

Q. Then as I understand you these payments were made to you because you were a departmental officer engaged in departmental work and transactions with his firm?—A. No sir.

Q. What then?—A. They were given because I was a mechanical superintendent coming there with work to be done and classed amongst the rest of them.

Q. I see, a mechanical superintendent coming there with work to be done?—A. Yes sir.

Q. But you were being paid your salary by the department?—A. Yes sir.

Q. Why would you take money from him?—A. Well, I have been at sea for 15 years, in various parts, I began very low down in the ranks ,and when any big repairs were carried out to the lowest grade of engineer there was always a little present given by the men, it might be a box of cigars to the boilermaker and so it went up.

Q. Something in it for the boy?—A. Yes sir. And while I am on my oath I may state that I have been associated with some of the most eminent consulting engineers of the time, and I have no doubt they get a good deal more than what I got.

Q. Oh well?—A. It is allowed for everywhere.

By Hon. Mr. Cassels:

Q. What is the microbe in the air, corruption?—A. Well, I don't think so, your lordship.

Q. What is the microbe in the air, corruption?—A. Well, I don't think so, your

Q. A disease is it?—A. You cannot make out the items so as to disintegrate them when the bill is rendered by any mechanic doing work for the department, for a private firm or for anyone. It is like a bill you sometimes get for plumbing in your own house, you won't make head or tail of it.

Q. You used the term 'microbe in the air?'—A. You cannot find this.

Q. Is it a disease?—A. This is put in, it is allowed for in their charges. It is not charged, probably as extra time.

Q. Did you pass it on to the government?

By Mr. Watson:

Q. Did you credit it to your salary?—A. It added to the amount of that.

Q. And you expected so much less from the department?—A. No sir. That would have been allowed whatever I got from the department.

Q. See if I understand you, Mr. Schmidt, if I make any mistake. Notwithstanding that you were engaged by the department to give your whole time, I suppose, to the department, your whole service.—A. Yes sir, latterly.

Q. That you in your mind and conscience justify the payment to and receipt by you of these moneys?—A. Well, I accepted it as a common practice.

Q. I see, as a common practice?—A. I don't know whether the department were aware of that practice or not.

Q. Were you serving two masters?—A. No sir. When I am paid by one man to work for him, I work for him. Whatever I get from anybody else does not affect the honest way in which I do my work.

Q. Now, let us take it just as a matter of record and system. I understand you got these payments from time to time?—A. Yes sir.

Q. Sometimes in small sums, sometimes in large sums; that is right, is it not?—A. Well, never in a very large sum.

Q. What was the largest amount you recolllect?—A. Probably $300.

Q. Oh, $300, that is a pretty large sum. You got that once?—A. Yes sir.

Q. Did you get that more than once?—A. No sir.

Q. Now, that $300 was paid at the time that some particular account was sent in and certified by you?—A. No sir. I never inquired how it was.

Q. No, but you got the money shortly after an account was closed?—A. No sir, I never knew when Mr. Drolet was paid.

Q. No, I am not asking about payment.—A. Mr. Drolet never knew when I certified.

Q. When the work was finished and the account sent in——

Hon. Mr. Cassels.—And certified.

By Mr. Watson:

Q. And certified, that was when you got the money?—A. No. Mr. Drolet never had any knowledge when I certified his accounts and some were held a long time for investigation.

Q. Were they?—A. Yes sir.

Q. I see some large accounts here amounting to $8,000 and $10,000?—A. Not many amounting to that amount.

Q. Two or three of them, apparently, certified by you?—A. What ship are they chargeable against, sir?

Q. I dont remember. I will just pick them out for you, if you like. ' What had you done just before you got the $300?—A. What had I done just before I got the $300, nothing.

Q. Well, what was the occasion for that? That was a very special payment, was it not?—A. Oh, I don't know. I had no reason to question Mr. Drolet's clerk as to why he should give me that.

Q. $300 at a time?—A. No sir.

Q. That did not strike you as being out of the way?—A. No sir.

Q. Did you ask for more?—A. No sir, I never asked Mr. Drolet or his clerk for anything.

Q. For anything?—A. No sir.

Q. But it did not strike you as anything extraordinary or out of the way when he gave you the $300?—A. No sir.

Q. Was that by cheque?—A. No sir.

Q. Why not?—A. I don't know.

Q. How was it paid to you?—A. Cash.

Q. Cash in hand. Did you bank it?—A. No sir.

Q. Did you report it to anyone?—A. No sir.

Q. Did you report it to the Minister or Deputy Minister, or Mr. Gregory or anyone else?—A. No sir.

Q. You did not?—A. That was a business, or those were transactions which as a rule both the giver and the receiver do not let the left hand know what the right hand does.

Q. I see, that is how it is?—A. Yes, and if it——

Q. Which hand did you get it in?—A. Well, I don't know.

Q. It was behind, was it?—A. No sir, I never did that yet. I want you distinctly and the whole court to understand I did not accept this in the way of a tip or anything like it.

Q. Nothing like that?—A. No.

Q. What was it for?—A. Simply paid by Mr. Drolet, simply—I don't know, out of the goodness of his heart.

Hon. Mr. CASSELS.—Out of the profits, I suppose.

By Mr. Watson:

Q. It is a little difficult to follow, for the moment. Here is an account, for instance, the first one I find here is for $3,100, June 1, 1906, signed by you.—A. Yes.

Q. Over your signature appears, this: 'This account has been examined by me, work satisfactorily performed, time and number of workmen, machinery and material charged for found correct.'—A. Yes sir.

Q. That is a long account involving a large amount of work. How, after you certified to that, how much did you get?—A. I have no knowledge.

Q. When did you get the first payment?—A. I could not tell you, sir.

Q. Give me about the date.—A. It is going back three years, and I have not the papers here.

Q. I know. You started in September, 1905. Did you get any that year?—A. I could not say, sir, because I only came here, I was back here once or twice for a day only.

Q. Then did you get any in 1906?—A. I think so, sir.

Q. What was the first payment in that year?—A. I could not tell you, sir, I can give you no information about that. I do not wish to hide anything, but it would be only speaking at random.

Q. Yes. What is the next largest payment after the $300?—A. I don't know. I may have received $200 sometimes.

Q. Another $300, you mean?—A. No, $200.

Q. I see. What was the smallest payment? Let us see how they run.—A. I don't know. I don't think——

Q. Not less than $50, I suppose to you?—A. No, I don't think I ever got less than $100.

Q. I see, that is the way it came up. Who did you get the money from?—A. Mr. Audibert.

Q. That is the book-keeper?—A. Yes sir.

Q. Did you ever get it from Mr. Drolet himself?—A. No sir.

Q. Where did you get it?—A. In his office.

Q. In his office?—A. Sometimes, if I happened to be——

Q. What would you be doing there in his office?—A. Taking back accounts sometimes to have the accounts reduced.

Q. Taking back accounts sometimes to have the amounts reduced?—A. Yes, the charges were not fair and just. I might probably explain——

Q. So you could not certify to them?—A. No sir.

Q. You were able to certify to them before you left, I suppose?—A. No sir; they had to be re-rendered.

Q. I see. At all events that was the course pursued.—A. I might——

Q. So you sometimes got quite a material reduction, did you?—A. Yes sir.

Q. I see.—A. I might say that——

Q. Did you ever write to the department at Ottawa or here complaining of their accounts?—A. Yes sir. I wrote two years ago to the department and brought their attention to the form in which the accounts were made up.

Q. I am asking you now in regard to Mr. Drolet's accounts?—A. Well, sir, Drolet's accounts were included in it, because they are made up similar to the common practice.

Q. And did you tell the department do you recollect that you could not certify to the accounts because they were excessive?—A. No, but I wished them to instruct people doing work with the department to make them out in such a form, a draft of which I supplied, which would enable everyone to know, to tell what each item cost.

Q. I see. You wanted to know what the profits were?—A. I wanted to see whether I could to the best of my knowledge I could certify those accounts were fair and just.

Q. And for that purpose you wanted to know what profits each man was making?—A. No; I wanted to find out what each individual item cost.

Q. Well, in that way you could arrive at the profits by a little bit of reasoning and figuring at the same time. Well, now, these accounts run up pretty large.—A. Well, sir, all machinery repairs are very expensive.

Q. Was this the largest account you had to deal with?—A. What is that, sir.

Q. Was this account of Mr. F. X. Drolet's the largest you had to deal with?—A. No sir.

Q. Eh?—A. No sir. Since I have been in the department, yes sir.

Q. Since you have been in the department the largest one?—A. Probably there is one that comes very close to that, in connection with the *Lady Laurier* repairs.

Q. Who was the account with?—A. W. W. Howell & Co.

Q. Who?—A. Howell.

Q. How much did you get there?—A. I didn't get anything.

Q. Did not get anything at all?—A. No sir.

Q. Not directly or indirectly?—A. No sir, not a cent.

Q. Not a cent?—A. No sir.

Q. That is the next largest one. I see an account here of $4,007 certified for Mr. Drolet?—A. Yes sir. Had I known I could have brought you memorandums sent to the accountant along with those bills. I came here unprepared for anything of this kind.

Q. Then have you anything else to say in explanation in regard to these payments and receipts?—A. Of Messrs. Drolet?

Q. Yes, from Mr. Drolet.—A. No sir, more than that such payments made by Messrs. Drolet had absolutely no—I was assured had no effect upon the bill.

Q. Who assured you to that effect?—A. Mr. Audibert, their accountant.

Q. Would you have taken the money without the assurance?—A. No sir, and had I——

Q. I see. If he had not given you that assurance you would not have taken the money?—A. Well, I on one ocasion returned some money to him. He told me I might as well take it as leave it there. He said it would only go back in the till. I told him to let it go back.

Q. Whose money was it?—A. Mr. Drolet's, I suppose, the firm's.

Q. Then you would not have taken the money if you had not got the assurance from the book-keeper that it would make no difference?—A. No, sir, I was most particular in that.

Q. Eh?—A. It was some time before I would accept it, but he assured me they provided for that in their account, and it was not put in as excessive labour or anything like that. It was not so many additional men put in, but if they pay a man slightly high their charges probably allow for that throughout.

Q. You are a very practical business man, Mr. Schmidt?—A. No, I am not very much of a business man.

Q. Are you not?—A. No, sir.

Q. Did it ever occurr to you how the firm could ever make profits and at the same time pay large sums like these?—A. Well, I suppose the ordinary profits of a marine repairing shop, and those of such a well equipped one as Messrs. Drolet's should be somewhere between 30 and 40 per cent.

Q. I see, 30 to 40 per cent?—A. Yes, sir, they could not afford to run the shop.

Q. Couldn't they?—A. No, it has to lie idle for a long time.

Q. So you had that much consideration for them that you would expect they would get from 30 to 40 per cent profits?—A. Well, I don't think you could—I have a brother——

Q. Never mind about the brother.—A. He has a shop and I know he makes a far higher percentage than that.

Q. Does he deal with the department?—A. No, sir. There is a large invested capital that has to be allowed for.

Q. Yes. You are making large allowances for these poor gentlemen who get these contracts?—A. No, sir. If I didn't think everything fair—there are other officers who have gone to Messrs. Drolet to try to reduce their prices without any success.

Q. They were unable to influence them?—A. Those are the charges and the regular charges to all and sundry.

Q. And that is just the long and short of your statement?—A. Yes, sir. I have——

Q. Then where is the other firm you got money from?—A. I didn't get any money from any other firm in Quebec.

Q. Not in Quebec?—A. No, sir.

Q. How far outside?—A. Well, I gave you the name of Messrs. Cunard, who are Lloyd's agents.

Q. How much did you get from them?—A. I told you I could not say. It was for survey work. It has not anything to do with the department.

Q. Was that when you acted for the department?—A. Just when I was appointed.

Q. How much did you get?—A. Somewhere about $75.

Q. Who else?—A. Furness, Witney & Co., I got a cheque from them for $50.

Q. Who else?—A. Nobody else—Oh yes, I got one from one of the insurance companies, similar to Lloyd's, the Norwegian Lloyd's.

Q. How much there ?—A. $25.

Q. What is the next one ?—A. Well, when I was chief engineer of the Anglo-American——

Q. Never mind outside—I am just speaking of the department.

By Hon. Mr. Cassels:

Q. Since you have been in the department.—A. Well, I really could not say, because you are often called in in Halifax.

By Mr. Watson:

Q. You could not say exactly how much you got ?—A. No, I could not.

Q. So it amounted, I suppose, on the whole to about as much as the salary ?—A. Oh no, sir, oh no.

Q. Not as much as that ?—A. No. I don't think I have made more than $150 or $200 from survey work since I have been in the department.

Q. And then various other kinds of presents from time to time ?—A. No, sir.

Q. What kind ?—A. Well, I got a box of cigars last Christmas. I don't know where it came from. They were very indifferent cigars.

Q. It might have come from the air?—A. No. I did not mean to be jocular when I referred to the microbe. It was something we could not see or find. If we could have found it we would not have passed it.

Q. You could not put your hand on it?—A. No sir.

Q What do you know about others doing the same thing?—Absolutely nothing until it appeared in the papers.

Q. You were shocked about the others?—A. I was shocked that I appeared to have been manipulated by Drolet's firm.

By Hon Mr. Cassels:

Q. What is this survey work?—A. All inspectors of government steamers at one time were allowed to embark in outside work and some time ago this privilege was withdrawn from all and sundry. I believe the other inspectors still carry it on, but I as inspector of government steamers, was debarred from embarking on any work interfering with private interprise, and thereby they have materially reduced my salary under the conditions under which I was originally employed.

Q. Those moneys you say you got from survey work were moneys you were authorized to receive by the government?—A. Yes, in accordance with my original agreement.

Q. You were authorized to receive them?—A. Yes sir.

Q. This question of being assured by the clerk—I have forgotten his name?—A. Audibert.

Q. By Audibert that the items were proper before he gave you that money, did you accept his statement for it?—A. Yes sir.

Q. Were you depending upon his statement for the accuracy of it?—A. For that?

Q. For the accuracy of the items?—A. In the bills.

Q. Yes?—A. No sir.

Q. Did you check them yourself?—A. Undoubtedly always.

Q. Then why did you accept his assurance that the items were proper?—A. I got no assurance from him except the statement in the bill.

Q. I understand. But the way you put it to Mr. Watson is this: that you went to his office before you got this money you were assured by the clerk that the items in the bill were proper?—A. That the accepting the money had no influence upon the amount involved in the bill.

Q. Yes, that the items were proper.—A. That the items were proper.

Q. What I want to know is this: did you check the items yourself to know that they were proper?—A. Yes. I mean that you cannot find what that is; it is allowed in the general profits.

Mr. Watson.—It is pretty hard to follow.

By Hon. Mr. Cassels:

Q. I would just like to know why you required the assurance of the clerk that the tems were proper?—A. I asked 'what is this.' He said, 'that is a bonus we pay to ll superintending engineers.'

Q. And you were satisfied with his statement?—A. Yes.

Q. You accepted his statement?—A. Yes.

Q. And you accepted his statement and the money?—A. Yes, if I thought otherwise I would not have accepted it. Might I make a statement?

Q. Certainly.—A. Your lordship, we have dealings with a number of other firms n this town besides Drolet, and I would like to call upon the book-keeper in the department to show that I have done my duty as well as it is possible for anyone to do, nd have reduced a number of the bills here, and that some of these bills after being educed have been raised and some of them paid in full by the authorities at Ottawa. As inspector of government steamers I have done my duty to the department as I would have done it to my father. That is all I have to say.

William Henry Wiggs sworn.

By Mr. Watson:

Q. Mr. Wiggs?—A. Yes sir.

Q. You are of the Mechanic Supply Company?—A. I am, sir.

Q. Are you proprietor of that business?—A. I am, sir.

Q. Sole proprietor?—A. Sole proprietor.

Q. How long have you been carrying it on?—A. Since 1899.

Q. 1899. And you have had considerably large transactions with the government, r rather the Department of Marine and Fisheries?—A. Yes sir.

Q. Your business is dealing in tools and supplies, is it?—A. Exactly, sir.

Q. Tools and supplies?—A. Steamboat and mill supplies.

Q. Supplies of that kind. Are you wholesale or retail?—A Both.

Q. Both wholesale and retail?—A. Yes sir.

Q. I see. Are there many others in the same class of business in Quebec?—A. Mostly all the hardware people are, in Quebec.

Q. There is a great deal of competition then?—A. Yes. There is the Chinic Hardware Company, Lemieux & Fils and two or three others.

Q. And some of them large wholesale houses?—A. No sir.

Q. They are all wholesale and retail?—A. There is one I believe, that is wholesale and does not sell much retail, that is N. Lemieux & Fils

Q. That is practically wholesale?—A. They do not keep a retail store as we do, sir.

Q. And your sales have amounted to considerable each year, about $7,000, I think, for the three years.—A. I can give you the exact figures, if you desire them.

Q. About that, yes. How did you happen to get the account?—A. My name was put on the patronage list, sir.

Q. I see. And in that way you got your distributive share?—A. Exactly, sir.

Q. And from whom did you receive the orders?—A. The orders were generally brought to our store, sir.

Q. By whom?—A. By the messenger from the department.

Q. Messengers from the department?—A. Yes sir.

Q. Do you mean verbal orders?—A. No sir, written orders.

Q. Written orders?—A. Yes sir.

Q. That is from Mr. Gregory's office?—A. From the office.

Q. Who signed the orders?—A. In many cases Mr. J. U. Gregory and in other cases the officials of the office.

Q. Some of the officials?—A. Yes sir. That I would have to refresh my memory about.

Q. Where did you deliver the goods, sometimes one place and sometimes another?—A. No, generally at the King's Wharf.

Q. I see. And you sold, I suppose, at retail prices?—A. We sold at the same prices as we charged everybody.

Q. Did you sell at retail prices?—A. Well, we have price lists and we have a special clerk.

Q. Can you come to that pretty soon, did you sell at retail prices?—A. Well, we sold at the same prices as we did to everybody.

Hon. Mr. CASSELS.—You are asked a simple quesaion. Answer it.

By Mr. Watson:

Q. It is very simple. Did you sell at retail prices?—A. In some cases we would sell at retail and in other cases we would sell wholesale. Where the quantity was large enough we would give wholesale prices, where the quantity was small there would be retail prices.

Q. Just distinguish, please. An order for a hundred dollars. How would that come, wholesale or retail?—A. It would depend on the article, sir. If there was a large quantity of one article we would give a wholesale price on it.

Q. I see. About what proportion of your sales were made at wholesale prices? I have got the accounts here.—A. Yes sir, exactly.

Q. About what proportion did you get wholesale prices for, charge wholesale prices for? Oh, it is practically all retail.—A. I think most of it is.

Q. Practically all retail prices—A. As I say——

Q. Practically all retail prices?—A. As I mentioned, I have nothing to do with pricing. I have a special clerk who does the pricing and he had the pricing of the account.

Q. And then, I suppose, you put a little on for the government sometimes?—A. No sir, we did not.

Q. Eh?—A. No sir, we did not.

Q. You didn't, eh?—A.—My price clerk never had instructions to do so from me.

Q. If it was done it was done without your direction?—A. I am not aware it was done, sir.

Q. Then who paid you?—A. We were generally paid by cheque, sir, I think brought in by a messenger.

Q. Whose cheque?—A. The cheques from the government, sir.

Q. Cheques direct from the government. Did you get money from Mr. Gregory?—A. No, sir, these were always paid by cheque.

Q. Did you draw or put any draft upon him personally?—A. No, sir.

Q. You got your money after the acounts were rendered?—A. In some cases, yes, sir.

Q. In some cases, an average of 30 or 60 days?—A. No, I think the average would be somewhat longer than that.

Q. Somewhat longer than that?—A. Yes, sir.

Q. I see. Then where did you come in?—A. As the owner of the business.

Q. For the retail prices. And where did anyone come into this?—A. In what way?

Q. In any way?—A. In no way.

Q. Eh?—A. In no way.

Q. Did you pay a commission?—A. No, sir.

Q. What did you pay?—A. I didn't pay anything.

Q. Interest?—A. No, sir.

Q. What did you call it?—A. I didn't call it anything, because I didn't pay it.

Q. Nothing like that eh?—A. No, sir.

Q. Well, now, there must be something somewhere. Did you have a personal account with Mr. Gregory?—A. I did have, yes, sir.

Q. You did have ?—A. I did have.

Q. Did you ever get paid for that account ?—A. Partly.

Q. How much was the amount of the account ?—A. The amount of the account, I remember rightly, was $267.

Q. $267 ?—A. Yes, sir.

Q. How long was that account running ?—A. Five years.

Q. What ?—A. Five years.

Q. Did you ever render the account ?—A. Yes, sir.

Q. Were you able to get payment ?—A. Well, sir, we tried to get payment.

By Hon. Mr. Cassels:

Q. Does he mean that amount in five years ?—A. Yes, sir, various purchases made in five years.

Q. Running for five years, that is the current account extending for five years at the present moment ?—A. Yes, sir.

By Mr. Watson:

Q. Why didn't you get the account paid ?—A. Because Mr. Gregory was a pretty hard gentleman to collect from.

Q. Oh, I see. And that was the long and short of it, I suppose, you let it go on easy, getting orders from the department meantime ?—A. I sent Mr. Gregory's account, instructions were given to our collectors with the other names and he was called upon by the collector the same as others whose names the collector had.

Q. And you could not collect it ?—A. We collected it partly.

Q. Meantime orders were coming in from the department ?—A. Yes, sir, and are still coming in.

Q. I see. That would not make you any more severe in the collection of the personal account?—A. Well, no.

Q. No, I suppose not. And what, if anything, took place between you and Mr. Gregory about that personal account ?—A. Nothing whatever.

Q. Nothing whatever?—A. No, sir. I never called on Mr. Gregory.

Q. You didn't put it up to him very much ?—A. No, sir.

Q. And I suppose the leniency in allowing the running along of that personal account had more or less to do with that other account?—A. I would not say I was lenient with him any more than we were with any other gentleman who owed us an account.

Q. You tried to get it and could not get it ?—A. On one occasion he paid us $50 and on another occasion $20.

Q. And that is all ?—A. Yes.

Hon. Mr. Cassels.—Have you the account here?—A. $260.

Q. Have you got the account here ?—A. Yes, sir, I have the account here. Mr. Watson asked me to make it out.

Mr. Watson.—Let me see it, please.

(Witness hands over account marked Exhibit 159).

Q. Did you bring your books ?—A. Yes, sir, they are all here.

Q. I understand Mr. Gregory to say this is the first time he has seen this account?—A. The first time he has seen that one, sir.

Q. You usually give about how much credit ?—A. To whom, sir ?

Q. Anybody, to me if I went there?—A. Unlimited, I should say, sir, to you.

Q. You would want cash, you are a very wise man. Your business is supposed to be on a cash basis, is that right?—A. Yes sir.

Q. It is just a special favourite that gets credit, I suppose? That is the condition of affairs, is it?—A. That is the condition, sir, you have it there.

Q. The government accounts were all paid up, you always get them all right?—A. No sir, it is not all paid up.

Q. These retail prices carry a profit on an average of 30 per cent?—A. No sir, not in the line of goods we handle.

Q. Not as much as that?—A. No.

Q. 25 per cent?—A. No sir, not as much. I should not say on an average the goods we carry we get more than 12 per cent, sir.

Q. Wouldn't you?—A. No sir. I should not say the goods we handle pretty extensively, they are heavy metals, such as iron pipe.

Q. That is after deducting business charges?—A. No sir.

Q. 12 per cent net profit?—A. No sir, we do not 12 per cent net profit.

Q. Then you are not getting a great profit?—A. No.

Q. Then these goods you sold to Mr. Gregory, were those for the hotel?—A. I couldn't tell you that.

Q. You couldn't tell where they went to? —A. Some of them I presume would be for his private residence here in the city.

Q. And the prices you charged him I suppose were—oh, well, favourable?—A. Priced up with the others by the clerk who prices those.

Q. He does not know any different so far as you are personally concerned?—A. No sir.

Q. Then what you have spoken about with respect to the personal account, the non-payment of that, that is the only circumstance out of the ordinary that you have intimated to us?—A. The only circumstance sir.

Q. I see. That will do.

By Hon. Mr. Cassels:

Q. Did you keep on furnishing goods after you demanded payment and had not received payment?—A. Well, the account would show that. I cannot remember that my lord.

Q. The last item in the account is somewhere about December 17, 1907, then there is a cash payment on March 1, $50, and on January, 1908, you got $20?—A. Yes sir. So we didn't furnish anything after the last payment.

Q. No. But had you demanded payment previous to that date?—A. Yes sir, continuously.

Q You had continuously demanded payment?—A. Yes sir.

Q. And did you continuously go on furnishing goods after demand and non-payment?—A. We did, sir.

By Mr. Watson:

Q. How often are they demanded, at the end of every month?—A. About every three months I should judge.

Hon. Mr. Cassels.—Any questions, Mr. Senator?

Senator Choquette.—No questions, my lord.

(Evidence taken in French will be published later.)

Laurent Drouin sworn.

By Mr. Perron:

Q. What books have you?—A. Books, entries.

Q. Have you a journal, a ledger?—A. Oh no. I do a very litle credit business.

Q. You are what, a grocer?—A. No, a block maker.

Q. Have you been selling to the department?—A. Yes

Q. How much?—A. I couldn't say, I should have to look up the books.

Q. Well, you bring all your books to-morrow morning?—A. Yes.

Q. Whatever books you have, cash-book, cheque-book, stubs, bank-book, all your books?—A. I will get everything to-morrow.

Q. All right, to-morrow morning at 10 o'clock?—A. 10 o'clock.

Mr. PERRON.—May it please your lordship, we will adjourn to to-morrow morning I will see our witnesses are here then.

(Adjourned at 5 p.m. to 10 a.m., to-morrow November 11th, 1908.)

QUEBEC, November 11, 1908.

Commission resumed at 10.15 a.m.

Senator CHOQUETTE.—May it please your lordship, Captain Poulin who has been subpoenaed, has asked me if he could be heard this morning, because his boat is alone and is in danger. He is ready to be heard. He says he has been subpœnaed, he does not know what for.

Mr. PERRON.—If Captain Poulin had come to me this morning I could have arranged to take his evidence. I have been here since a quarter to ten.

Hon. Mr. CASSELS.—See what you can do so that he can get away.

Mr. PERRON.—I will do my utmost. If he had come to me early this morning I could have made arrangements.

Hon. Mr. CASSELS.—Mr. Drolet's book-keeper is to be examined and it may be that Captain Poulin will be very much interested in the evidence of the book-keeper.

Mr. PERRON.—He is not on that list my lord.

Hon. Mr. CASSELS.—Very well. Try and accommodate him.

Mr. PERRON.—I will do my utmost.

Senator CHOQUETTE.—Now, my lord, I have another application to make. I am obliged to go to Montmagny to a funeral to-morrow morning, I have to leave by the five o'clock train to-night and will be back by one o'clock to-morrow. I should be glad if my learned friends could arrange to take Mr. Audibert's evidence to-morrow or that of the gentlemen who have been asked to come here by Mr. Lemieux, because we have nothing to do with these people, and I will try and be back here to-morrow afternoon.

Hon. Mr. CASSELS.—That is reasonable. It might be arranged to take that examination to-morrow morning instead of this afternoon.

Mr. WATSON.—My lord, we be able to arrange so as to meet the convenience of my learned friend, but the convenience of others is of very much importance as well. I refer particularly to the officials and those who have been suspended. Many of them are here, I am informed, and are waiting and anxious to be heard, and we are not in a position to ask them to go into the box or give them permission to go into the box until the evidence has been completed by taking the testimony of the book-keeper. I have explained this fully to my learned friend Mr. Choquette and have told him that we have made our arrangements to have that examination take place, with your lordship's concurrence at two o'clock this afternoon. That will probably take a couple of hours and during the rest of the afternoon we will proceed with evidence that my learned friend may want to hear, but in the morning he will be absent from ten o'clock to one o'clock, and we will accommodate him with regard to the witnesses we take during that time.

Hon. Mr. CASSELS.—You can take evidence in which the Senator's client is not interested.

Mr. WATSON.—As much as possible, my lord.

Senator CHOQUETTE.—I am satisfied with that.

Mr. WATSON.—We will meet your convenience to the fullest extent possible.

Hon Mr. CASSELS.—I have been put to very much inconvenience in accommodating counsel and witnesses. You have to give and take a little in a case of this kind.

Mr. WATSON.—Yes. It is very difficult where so much is involved to meet everybody's convenience.

Hon. Mr. CASSELS.—I quite understand.

Mr. WATSON.—We will do our best.

(Evidence taken in French will be published later.)

ROBERT H. GALE, sworn.

By Mr. Watson:

Q. Mr. Gale, I understand that you are the proprietor of the firm or company carrying on business in the name of the Slade Electric Company?—A. I am.

Q And what is the business of that company?—A. Electrical contractors, sir.

Q. And what did you have to do with the Department of Marine and Fisheries?—A. Well, I have had several contracts from the Department of Marine and Fisheries in the way of electrical wiring.

Q Electrical wiring?—A. Yes sir

Q. Upon what?—A. Upon steamers.

Q. That is all?—A That is all, sir.

Q. So that your contracts and work are limited apparently to electrical wiring on steamships?—A. Not necessarily.

Q. Well, that is what I understood you to say?—A. In connection with the Marine and Fisheries Department to date.

Q. Oh yes. I am not inquiring into your other business matters at all, Mr. Gale, just with regard to the department. Then I see that the amount you have received, or your firm or company has received during the last three years amounts to about $10,000 for electrical wiring on steamers. That seems a large sum, does it not? Is there anybody else here in the same business?—A. Yes sir.

Q. How many?—A. Well there may be 25 who would claim to be in the same business.

Q. Indeed.—A. Yes sir.

Q. It is a very competitive business?—A. Very indeed.

Q. Quebec seems to be full of electricity?—A. Exactly.

Senator CHOQUETTE.—Since you have been here.

Mr. WATSON.—Thank you. You have always lived here.

Q. Did you have contracts in writing with the department?—A. Not that I remember.

Q. Verbal orders, eh?—A. Verbal orders. In one case I had a contract.

Q. In one case out of the lot you had a written contract. How did you happen to have a writing in that case?—A. Of course the time, the instance I speak of is previous to 1904.

Q. I see. That is where this written contract was?—A. Previous to 1904.

Q. Well, we will not go into that. Then during the three years we are considering everything has been by verbal order?—A. Yes.

Q. Perhaps over the telephone?—A Possibly.

Q. And from Mr. Gregory himself or someone else in the department?—A. Mr. Gregory sometimes, from others at other times.

Q. In the department?—A. In the department

Q. Prices fixed?—A. In some cases yes, other cases no.

Q. In the majority of cases not fixed?—A. No, I would not say that, about equal.

Q. About even?—A. Yes.

Q. I see. How does it come that they would ask you to fix prices?—A. I don't know.

Q. How does it come that they did not ask you to fix prices then?—A. I don't know, except they had confidence in me from the work I had done before for them.

Q. Never any question of tender that you know of, I suppose?—A. I have tendered on the Marine and Fisheries work.

Q. How often during that three yearsæ—A. Only once, I think.

Q. Only once, I see. On all other occasions there was not any competition so ar as you were aware?—A. Not that I know of.

Q. And I suppose you charge pretty good prices ?—A. Fair prices.

Q. Profit on supplies and work what, 100 per cent in electrical business, is it ot ?—A. I don't think so.

Q. About that ?—A. I don't think so. I think we would be very glad to get alf of it.

Q. 50 per cent ?—A. Yes.

Q. I should think you might too. Perhaps 50 per cent profit, I see.—A. I did not ay we got 50 per cent, Mr. Watson. I said we would be glad to get half of it.

Q. Yes. That would be the average ?—A. No.

Q. Not as high as that ?—A. No.

Q. I see. You do in your other transactions outside the department meet with ompetitive rates I presume ?—A. Yes.

Q. That is the rule outside of the department and in other business transactions, s it not ?—A. Well, as I would understand it in the case of competition, that is in he case of being called for tenders. Of course, if you meet with competition.

Q. That is the rule ?—A. Not in the event of a man being given carte blanche o go ahead with the job, then it is not a case.

Q. No, of course, not when you get carte blanche.—A. I mention that fact simply o illustrate that there are others outside of the Department of Marine and Fisheries ith whom I have done business on the same footing.

Q. I see, carte blanche. But the rule is outside of the department to meet with ompetition and applications for tender ?—A. In some cases yes, other cases, no.

Q. For instance, I see you were in the *Arctic* or had to with that ?—A. With he steamer *Arctic ?*

Q. Yes.—A. Yes, sir.

Q. That was $2,500. Was there any contract there?—A. No.

Q. $2,500 for wiring the steamer *Arctic.*

By Hon. Mr. Cassels:

Q. Was that limited to wiring ?—A. Well——

By Mr. Watson :

Q. Here it is. Look at the contract, then you can answer his lordship more ccurately perhaps than by mere recollection (handing contract to witness.)—A. What is the question your lordship ?

By Hon. Mr. Cassels:

Q. I want to know if that was limited to wiring ?—A. The instructions I received, your lordship, were to go on board the *Arctic* and completely overhaul the electric wiring and put the steamer in proper condition so that she could leave Quebec for three years at least and the electric equipment would not fail them during that time.

By Mr. Watson :

Q. Yes. It is very important that it should be done, of course ?—A. Yes.

Q. And be permanent work ?—A. Exactly.

Q. In the same sense you have spoken of. It seems to me to be a large amount that you were paid. Was it not as his lordship asked ? I do not think you answered definitely. The work was wiring ?—A. Wiring.

By Hon. Mr. Cassels:

Q. Not wiring, overhauling the wiring.—A. It was really wiring, your lordship, because the wiring on board the boat was absolutely no use, it was useless and had

not been used for a couple of years, as I understand it. So it was really wiring and equipping the boat with electric light plant, dynamo, engine, lamps, wiring.

By Hon. Mr. Cassels :

Q. I just want to get the facts out.—A. Yes, I quite understand. I am quite willing to answer them.

Q. It was your own statement.

By Mr. Watson :

Q. Then this account was certified to I see, dealing with this one, I think it is in the same position as the others ?—A. Yes, sir.

Q. Certified to by Mr. Gregory ?—A. My duty was to have——

Q. Listen. That is all I have asked you. You recognize that it was certified to by Mr. Gregory ?—A. Yes, I see.

Q. And this one was also certified to by Mr. ———, who is that, Lemieux ?—A. I think the engineer was Lemieux and the captain was Bernier.

Q. Yes. The only certificates I find upon this account are those of Mr. Gregory and Mr. Lemieux ?—A. Yes.

Q. And Mr. Gregory has certified, 'That the above was duly authorized and that the prices are fair and just.' Did you go into the details with Mr. Gregory, the prices ?—A. Did I ?

Q. Yes.—A. Not to my recollection.

Q. How much did you pay Mr. Gregory?—A. I beg your pardon. How much did I pay Mr. Gregory?

Q. That was the question.—A. Well, you mean in what sense, Mr. Watson?

Q. In the sense of passing over money?—A. I mean to say are you speaking for that one account or speaking of all my transactions with the government or the Marine and Fisheriesæ

Q. We will deal with this one account of the *Arctic,* $2,500.—A. Well, I might say that in my dealings with the——

Q. Wait, please. I will come to them.

By Hon. Mr. Cassels:

Q. Witness, the question is asked you now dealing with that account, how much did you pay?—A. I am not in a position to answer.

Q. Then say so. Answer the question. We will get on quicker that way.

By Mr. Watson:

Q. Did you pay Mr. Gregory a commission?—A. No sir.

Q. What?—A. No sir.

Q. Did you make any payments to Mr. Gregory?—A. Yes sir.

Q. What was the percentage on the amount of the accounts?—A. A percentage equal on all transactions with the Department of Marine and Fisheries from 1904 to date, equal to between 3½ and 3¾ per cent.

Q. Three and a half to three and three quarters per cent?—A. Yes sir.

Q. Let me see your books, please?—A. (Witness produces books.)

Q. Where is your ledger with the account of Mr. Gregory?—A. I have not got—my account with Mr. Gregory?

Q. Yes.—A. I have not got one, sir.

Q. Why not?—A. As I explained to you the other day, about the latter end of 1903 and into 1904 my book-keeper left me. I was busy at the time and my books were sadly neglected, with the result that my ledger and my cash-book were neglected. The only track I kept of my cash was in my cheque-book.

Q. I see.—A. I explained that.

Q. Your book-keeper left you, I suppose, for a very short time, a few weeks?—A. No, for quite a long while.

Q. A month?—A. More than that.

Q. Well, let me see after the month or month and a half, where is your book?—. The first intelligent book-keeping that I have got since 1903 is June, 1905.

Q. We may be able to make some intelligence out of it. Let me see your book efore that?—A. Before what?

Q. Before June, 1905, that is not very intelligible?—A. I have not got any.

Q. Was the book-keeper away a month and a half?—A. He was more than that

Q. How long was he away?—A. I mean I was without a book-keeper six months.

Q. That is commencing early in 1904 and lasting until the middle of 1904?—. Yes.

Q. Then let us see the books from the middle of 1904 until that book commences? -A. I have not got any.

Q. Why?—A. Because I have not, because I did not look after things as I should ave looked after them.

Q. It was not done in an intelligible way?—A. I know it was not.

Q. Let us see them?—A. I have not any. The only book is my stub-book.

Q. You are doing a large business?—A. Not very large. I am doing a large ough business to keep books, I realize I should have kept my books properly, but was busy, a change was made in the office and consequently the books were sadly eglected, and it was not until June, 1905, your lordship, the books were put in proper ondition.

Q. Now then, did you have a ledger before June, 1905?—A. Did I have a ledger?

Q. Don't repeat the question unless it is absolutely necessary.—A. I mean to y do you mean in 1904?

Q. Did you have a ledger before June, 1905?—A. No.

Q. No ledger at all?—A. My book-keeping was done——

Q. Wait, please. Did you have a journal before that time?—A. No.

Q. Did you have a cash-book before that time?—A. No. My cash-book is my ub-book—at least, my stub-book is my cash-book.

Q. No ledger, no journal or cash-book before 1905, is that right?—A. That is ght.

Q. Did you do the book-keeping?—A. I did some of the time, part of the time.

Q. That is during six months of the earlier period. And how did your book-eeper keep your books?—A. He didn't keep them, that is all.

Q. He didn't keep them?—A. No.

Q. Then you started in this book here?—A. You have got it there, sir.

Q. There is a large book there?—A. That is a cash-book.

Q. You did not hand it over?—A. Oh, I beg your pardon. Here it is. (Handing er book.)

Q. This is a cash-book?—A. Yes sir.

Q. Now, you have a book in which you keep in an alphabetical list, I assume, e accounts of your customers?—A. I have got the bill-book, sir.

Q. The bill-book?—A. Yes sir.

Q. Oh, that bill-book, that is just as accounts are rendered?—A. Exactly.

Q. Then there is your account with the Marine Department in your books?—A. the bill-book.

Q. This is just sending out the accounts?—A. That is the way we kept track them.

Q. You didn't keep any track until you prepared to make up your accounts ap-rently?—A. Yes, we kept track.

Q. Where is the track?—A. I have not got it here, I didn't think you would need We kept it on material slips.

Q. Is that your regular way?—A. Yes sir.

Q. Why have you not produced those slips?—A. I didn't know you would need em. All the details are made up in that book.

Q. I know, the details are made up just as the accounts go in?—A. Exactly.

Q. That may be right, that is for the purpose of getting paid?—A. Yes.

Q. Now then, I would like to see the detail memoranda which precedes this, you have not got them here?—A. No sir.

Q. Then where is the record of the Gregory transactions, the transactions of Mr. Gregory?—A. The only record is in the stub-book, sir.

Q. In the stub-book?—A. Yes sir.

Q. Did you pay him by cheque?—A. On two occasions.

Q. How did you pay him on other occasions?—A. He simply deducted. The idea—

Q. Never mind the idea. How was it?—A. I want to explain how it was done.

Senator CHOQUETTE.—Yes.

By Hon. Mr. Cassels:

Q. Just answer the question. You are asked how it was done?—A. I was going to explain that.

Mr. WATSON.—You say on two occasions you paid him by cheque. On the other occasions did you pay him in money?—A. No.

Q. You did not?—A. No.

Q. Then you were going to say that he deducted from your accounts?—A. Yes.

Q. And kept it. Is that right?—A. Mr. Gregory so deducted or withheld an amount of 10 per cent on all accounts rendered until we made a final settlement, when he returned to me the difference between the amount of interest that he agreed to charge me and the 10 per cent, and after the difference was returned it left a balance of, as I said, between three and three-quarters per cent.

Q. The amount of interest?—A. The amount of interest, as a safeguard to Mr Gregory that the account was O.K., when I rendered the account he deducted 10 per cent and paid me the balance.

Q. Did he give you a cheque?—A. In some cases he gave me a cheque, in other cases a draft.

Q. Now, in what cases did he give you a cheque?—A. I cannot tell you.

Q. In any case?—A. In any case.

Q. Yes?—A. In any case did he give me a cheque.

Q. Yes, show it to me.—A. They don't show that.

Q. Where can you show it?—A. I cannot show it.

Q. I see. So that when the work was done you sent in an account and gave it to Mr. Gregory?—A. Yes sir.

Q. That was the course?—A. I first gave it to Mr.—

Q. Just wait. You first gave it to whom?—A. Mr. Hamel. After Mr. Hamel checked the account he gave it back to me certified and I gave it to Mr. Gregory.

Q. You gave it to Mr. Gregory?—A. Yes sir.

Q. And then when you gave it to Mr. Gregory I understand from you now that as a rule you drew upon him, you put in a draft upon him?—A. Yes sir.

Q. That is right, is it?—A. Yes sir.

Q Have you got the drafts?—A No sir

Q Where are they?—A I didn't pay the drafts

Q. I see You put in a draft upon him?—A. Yes, sir.

Q. He accepted it. What did you do with the drafts?—A. Deposited them at the bank.

Q. You did?—A. Yes sir.

Q. That is, you discounted the drafts?—A. I deposited the drafts at the bank and the bank paid me the money.

Q. You discounted them, I suppose?—A. I say I deposited the drafts at the bank and got the money.

Q. Were they drafts for cash?

By Hon. Mr. Cassels:

Q. Were they drafts for cash? Were they discounted?—A. Deposited.

Q. What length of date were those drafts?—A. Why, I can't really tell you.

By Mr. Watson:

Q. About 30 days, I suppose?—A. Really, I could not tell you.

Q. Why?—A. I am not in a position to say.

Senator CHOQUETTE.—We will produce them.

By Mr. Watson:

Q. Have you enough memory?—A. Not to think back three or four years.

Q. Think back last year.—A. Last year I didn't get any drafts from Mr. Gregory.

Q. Would you say about 30 to 60 days?—A I would not like to say.

Q. What bank did you go to?—A. The Peoples Bank of Halifax.

Q. What interest did you pay the bank?—A. I don't think I paid any interest to the bank.

Q. Oh, you don't deposit a draft at 30 or 60 days and get cash for the face amount?—A. I think, if my recollection is correct, I think Mr. Gregory paid the discount.

Q. What?—A. I think Mr. Gregory paid the charges.

Q Where is your bank-book, let us see.—A. Bank-book?

Q. Yes.—A. Have not got it with me.

Q. Mr. Gale, have you got any record showing the drafts you received?—A.No sir.

Q. Not at all?—A. Except the entries of the deposit in the cheque-book.

Q. In the cheque-book?—A. Yes, and stub-book.

Q. Where does the stub-book show that? Let me see. This is 1904. Get on later.—A. It was in 1904 I had my dealings.

Q. But you were doing it in 1905?—A. But I didn't do any transactions of that kind in 1905.

Q. You had them in 1905?—A. I got paid by the government.

Q. How did Mr. Gregory get his?—A. I don't know.

Q. How much did you pay him in 1905?—A. Nothing.

Q. What?—A. Nothing.

Q. In 1905?—A. 1904, 1905—excuse me a moment.

Q. What is that you have got there?—A. A little memorandum, sir.

Q Would you mind letting me see it?—A. It is for my own information. I want to be able to answer you intelligently, and without that I cannot do it.

Q. Prepared for the purpose of giving your evidence?—A. No sir.

Q. What?—A. Well, in order to answer you intelligently, yes sir.

Q. Well, let me see it.—A. I want it back. (Handing memorandum to counsel).

Q. Certainly. Now, we have on this memorandum, June, 1904, down to June, 905 ?—A. Exactly.

Q. Still running then ?—A. Yes, sir.

Q. A total of $9,346.50 ?—A. Yes, sir.

Q. During that time ?—A. Yes, sir.

Q. Underneath it, 'Ten per cent withheld by Mr. Gregory equals $954.65.'—A. Yes, sir.

Q. He kept that back on all occasions ?—A. Yes, sir.

Q. Then received from Mr. Gregory, $562 ?—A. Yes, sir.

Q. Total amount of percentage, $392.65 ?—A. That is right.

Q. Where is the record showing what you received from Mr. Gregory ?—A. You will find in my cash-book sir, what it is.

Q. Let me see the other little memorandum, come along.—A. (Witness hands over memorandum).

Q. Thank you. $392. Now let us see the book showing when you received from Mr. Gregory, $562 ?—A. You will find here the receipt from Mr. Gregory.

Q. Never mind about the receipt. It is the receipt by you ?—A. Yes. On the 10th of May, 1906, I received a cheque from Mr. Gregory for $381.

Q. Oh, $381.—A. $381; and previous to that he had given me $181 more than he should have.

Q. Let me see.—A. That is previous to this time.

Q. This is 30th of January, 1906 ?—A. Exactly. That is when we made our final settlement.

Q. I thought you said just now these matters ended in 1904 ?—A. No, I did not. I said that is what I looked up that statement for.

Q. Don't put away the book. So that these matters have been going on during the whole three years ?—A. 1904, 1905 and 1906.

Q. 1906 ?—A. Yes.

Q. I see. And in all cases Mr. Gregory withheld 10 per cent on the face amount of the accounts ?—A. Except in two cases when he paid me the full value of the account and I returned two cheques.

Q You sent him two cheques?—A. Yes. sir.

Q. Representing 10 per cent ?—A. Yes, sir; which cheques I have got to show you.

Q. Let me see the rest of the envelope, what is in it ?—A. Simply your summons to come here.

Q. Let me see, please ?—A. (Hands over papers to counsel).

Q. This cheque is July 20, 1904, Pay to J. U. Greogry, $150, and September 12, 1904—that is less than two months after, pay to Mr. Gregory $110. That represented 10 per cent on the amounts of the two accounts he had ?—A. Yes, sir.

Q. You gave him a cheque for them ?—A. Yes, sir.

Q. 10 per cent.

(Two cheques marked Exhibit 161).

Q. Now, show me the amount you received from Mr. Gregory, apart from that $381 ?—A. It is not in my book. It was before 1906, before 1905.

Q. Well, you had been receiving in 1905, in 1906 ?—A. I know I have.

Q. Show it to me there. You were keeping books then ?—A. You mean receiving from Mr. Gregory ?

Q. Yes.—A. Oh yes. Marine and Fisheries.

Q. When does the book start ?—A. June, 1905.

Q. Is that the account?—A. June 21, Marine and Fisheries, $200.

Q. Let me see. Cash-book, Marine and Fisheries, $200?—A. Yes, sir.

Q. Did you render an account about that time ?—A. Yes, sir, I think so.

Q. Let us see it in the account-book?—A. Oh, will you let me take it a little later on. On the list I will be able to find it more readily. Mr. Watson, what is the date, June?—A. June 21, 1905. Oh, June 19, I rendered an account for $349.

Q. $349 ?—A. Yes, sir.

Q. Now, wait, please.—A. It is there, in April.

Q. Don't depart. Just keep to the system. On June 19, 1905 you rendered an account for $349, and on the 21st you received $200, is that right?—A. Yes, sir.

Q. How did you receive it, cash?—A. I don't know, Mr. Watson.

Q. Or drafts?—A. I can't remember.

Q. Was it a draft which you discounted in the bank?—A. I can't remember.

Q. Have you not any way of telling?—A. I don't know.

Q. What?—A. I don't know.

Q. You don't know, you have no way of telling?—A. No.

Q. Then it comes to this, that he was keeping your account for you. Is that right?—A. That he was keeping my account for me?

Q. Keeping your books for you, practically?—A. No, I wouldn't say that.

Q. Well, you have not got any for yourself. When did you get the balance of $149 on that account?—A. I don't know.

Q. You don't know. You may never have got it, that is right, is it?—A. No, no

Q. Well, do you know?—A. I know I got it.

Q. Show me where you got it?—A. I don't know where I got it.

Q. You don't know when or where you got it, that is not a business system, is it, nothing businesslike about that, is there Mr. Gale?—A. Not very much.

Q. No, I should say not. You were entirely in the hands of Mr. Gregory apparently?—A. I should not think so.

Q. Show your own hand then. And is that the way with all these matters, practically the same way?—A. I don't know.

Q. You don't know. I suppose you mean to say it is?—A. I don't mean to say anything of the kind. I don't mean to say anything more than I say.

Q. You say you don't know. Then who is to know if you don't?—A. Nobody, I guess.

Q. Then you mean I cannot get any information about the matter?—A. I am ready to give any information I can.

Q. You say you don't know?—A. I don't know.

Q. You cannot give me any information?—A. No.

Q. Is there anybody else can?—A. Not that I know.

Q. Then so far as you and the department are concerned you say no information can be obtained?—A. I don't say no information. There is some information you won't find: it cannot be obtained

Q. Well, I am just dealing with the most important part, the record of receipts and payments by you; you cannot give that?—A. I can give some of them.

Q. Give me another one?—A. Here is another one, July 3, $161.40.

Q $161.40. What was the account rendered at that time?—A. There was no account rendered on July 3 at all.

Q. Won't your account-book show?—A. This is an exact copy of the account-book. It is easier to look this up than turn up the books.

Q. I know, but I would like to see the books sometimes?—A. There was no account rendered on July 3.

Q. Let us see the account-book, you show it to me?—A. I say there was no account rendered on July 3.

Q. Let me see the account before or after that; the next one before and the next one after that?

By Senator Choquette:

Q. What year is that?—A. 1904—at least 1905.

By Mr. Watson:

Q. Mr. Gale, you apparently had a very considerable business experience?—A. Very little. There is one on June 19, Mr. Watson.

Q. June 19, yes. This is only $10?—A. Well, you asked me to give you one before.

Q That is right, you have. Well, what is the next account, you have them indexed?—A. Yes, everything indexed.

Q. Look at the index?—A. I have the index, but this is easier.

Q. Is there no index?—A. Yes, but I thought it would be easier to go by this.

Q. When did you prepare this?—A. Yesterday, so as to save your time.

Q. I see. You are very kind?—A. Yes.

Q. Let me see the next one after that now?—A. The next one after that is——

Q. This is only $10?—A. Yes, sir. That is the one after the other that you——

Q. I see, $10. Well, these are very small accounts?—A. Yes sir.

Q. Then how do you account for this payment here that you spoke of—where is it again, $161 you said?—A. On July 3.

Q. July 3, $161. What is the next payment?—A. The next payment is $10 on October 4, 1905.

Q. But this was October, 1905?—A. Yes, that was the next payment.

Q. $10?—A. Yes sir.

Q. That does not appear here?—A. Yes sir. I think you will find it here.

Q. No. Where is the $161 here?—A. It is not there.

Q. But I thought you prepared this for my convenience?—A. I prepared it for my own convenience, but you were kind enough to take it from me.

Q. I thought it was to help me?—A. So it was, to answer you more readily.

Q. Why is there no account here?—A. $161—$161, and $100 will make up the difference. You may find an account of that there.

Q. You did not prepare a record of the payments?—A. No, they are all here. There were fewer payments than accounts.

Q. Yes. This is 1904. Now then, let me have the next payment?—A. On May 25, 1906, $30.10.

Q. Well, these are very small?—A. Yes sir.

Q. You know you were getting about $3,000 a year?—A. Some years, only one year.

Q. Yes, for the three years it was about $3,000 a year?—A. Yes.

Q. You are only giving me little trifling items?—A. I am giving the accounts you asked for. You asked me to show you the next payment—there it is.

Q. That is $30?—A. $30.10.

Q. Come to something substantial. Where is the next one. I want to find where the $3,000 a year comes in. You have given me very trifling amounts yet?—That is all sir.

Q. That is all when, that is all what?—A. That is all the payments.

Q. What payments?—A. Up to 1906.

Q. Up to 1908 that is all the payments of money you received from Mr. Gregory?—A. From 1905?

Q. From 1905 to 1908?—A. Yes.

Q. Why, you have only given me three small amounts.—A. That is all I received.

Q. All you received?—A. Yes.

Q. What time, 1905?—A. From June 1, 1905.

Q. From June 1, 1905. Where are your accounts that you rendered during 1905?—A. During 1905?

Q. Yes.—A. Do you want to see the accounts Mr. Watson?

Q. How much were they—here they are?—A. On June 5——

Q. Now, wait please. That is January, from January 5 to August 23, 1905 you rendered accounts amounting to $890?—A. Yes sir.

Q. Well, you only received $200 or $300?—A. I tell you I can only show you amounts received for June of that year, and the bulk of the accounts were done in January and April, so that I cannot show you the payments. I have explained that to you.

Q. No record at all?—A. Except in my stub-book the amounts are marked in.

Q. Stub-book?—A. Yes.

Q. Well, just us see now, take the stub-book of 1905. You might as well come down now, we want all these facts.—A. I am giving the facts as well as I can, Mr. Watson.

Q. I am sure.

By Hon. Mr. Cassels:

Q. These are not posted from day to day, are they?—A. No.

Q. They have all been written up at one time?—A. Yes sir. Oh, well, they are written up at the end of the month. We keep it in a small book and from that post it at the end of the month.

Q. This appears to be all written at one date?—A. Yes. I wrote it myself at the end of each month. we wrote it up at the end of each month.

Q. Each month?—A. Yes.

By Mr. Watson:

Q. And you have got the memorandum from which that was written?—A. I may ave and may not.

Q. What does your book-keeper do?—A. My book-keeper is a very small affair.

Q. I didn't ask you that. Did he keep the books?—A. Oh, yes.

Q. What books did he keep?—A. He kept those books I told you about.

Q. You made these entries, you say?—A. I entered these from his books.

Q. What books?—A. From the memorandum he kept from day to day.

By Hon. Mr. Cassels:

Q. Do you mean from October to November and December of 1905, those entries ere not all written up at the same time?—A. I would not swear that, your honour.

Q. Is it not obvious?—A. You will see, Sir——

Q. Just look at this and tell me if those three months were not written at the me time?—A. It is quite possible, your lordship.

Q. Look and see. Take October, November and December, does not that appear be all written up at the same time?—A. Yes, it——

Q. Is not that so?—A. Possibly.

Q. Is there any doubt, looking at the ink?—A. It would not appear so. As I tell ou, I would not be surprised if it was.

Q. Is it not perfectly obvious that those three months were all written at the me time, with the same ink and in the same handwriting? Look at those three onths and follow up the receipts and payments.

By Mr. Watson:

Q. As his lordship points out, Mr. Gale, the book-keeping seems to have been all one on the same day, for several months at all events?—A. Possibly.

Q. Possibly, I see.

Hon. Mr. Cassels.—There cannot be any possible doubt about that.

By Mr. Watson:

Q. That was just for the purposes of the commission?—A. I beg your pardon, here was no thought of appearing before the commission.

Q. When did you write it up?—A. I don't know.

Q. Last month?—A. Oh, no, at least a year ago.

Q. Why do you say that?—A. Because I know.

Q. Was anybody else there?—A. Anybody else there?

Q. When it was written up?—A. Yes.

Q. Is this all your writing?—A. All my writing.

Q. All your writing?—A. Yes.

Q. And you think it was written up sometime last year?—A. I am sure it was not ritten this year.

Q. Not this year. What did you write it up for all at one time, what was the bject in that?—A. So as to have it entered.

Q. Oh, but it had not been entered for a couple of years before. What did you ant to enter it for?—A. You know, two wrongs do not make a right. This might ave gone on for ever. The older we get the more sensible we get.

Q. You mean not entering it up before was wrong and then entering up all between at one time, that two wrongs did not make it right?—A. As I told you, as a latter of fact we are not posted up to-day. I don't think it would be wrong if I tarted in to-day to enter up a year's business.

By Hon. Mr. Cassels:

Q. I understand those things were entered up each month?—A. As a rule they re, that is what we strive to do, but if I am busy——

Q. You say now these were not entered up each month?—A. I know, but——

Q. Then why did you not tell us the fact quicker and shorter?—A. I am trying to tell the best way I can. I tell you they are supposed to be entered up each month.

Q. I am not suggesting there is anything wrong, but I want the truth?—A. I am telling the truth, your lordship.

By Mr. Watson:

Q. Well, this is the cash-book?—A. Yes.

Q. Show me in this the payments to Mr. Gregory?—A. It is not in there. It was previous to this year, previous to 1905.

Q. Oh, no, we have got payments here in 1905?—A. Well, that is the only payments you see there from me to Mr. Gregory.

Q. Why do you say previous to 1905, because I have accounts here in 1905 you prepared?—A. Yes.

Q. Showing 10 per cent withheld in 1905, 6 and 7?—A. No.

Q. Here?—A. Excuse me, no 10 per cent was paid here.

Q. How much was held?—A. Nothing. I might tell you——

Q. Just wait, please. That is this statement?—A. That is a complete statement of the business done with the Marine and Fisheries Department from 1904 until the 7th of March, 1908, which is the last date I rendered an account.

Q. These amount to $10,267, that is right is it?—A. Yes.

Q. And then you have got at the foot of this, 'amount paid Mr. Gregory in all a little under 4 per cent?'—A. Exactly.

Q. $392?—A. Exactly.

Q. Now, how do you arrive at that?—A. On this statement here. (Indicating.)

Q. No, from your books. How do you arrive at that?—A. Because I know.

Q. No, in writing, how do you arrive at it?—A. I told you I had no record of it in writing.

By Hon. Mr. Cassels:

Q. What did you make it up from?—A. From my own memory, your lordship. I knew on all the accounts from 1904 to a certain date in 1906 that Mr. Gregory had withheld 10 per cent of my money.

Q. Yes?—A. And that out of the 10 per cent he withheld he gave me a cheque for $381, and I owed him, or he had overpaid me to the extent of $181, which made a total of $562. I deducted $562 from the 10 per cent which amounted to $954 or something like that, leaving a balance that I knew I had paid Mr. Gregory of $392. That is how I made it up.

By Mr. Watson:

Q. That is done from memory?—A. From memory, because I knew I had paid him that amount from 1904 until 1906. From that time I had absolutely no dealings with Mr. Gregory with the result that the accounts are not paid yet.

Q. What accounts are not paid?—A. The accounts for 1907 and 8, are not paid yet.

Q. By whom?—A. The Department of Marine and Fisheries.

Q. From whom?—A. To me.

Q. Have they been paid to Mr. Gregory?—A. I don't know. They have not been paid to me.

Q. I see. Then did you ever get money direct from the department?—A. Yes.

Q. How often?—A. On one or two occasions. That $10 and $30.10 came in cheques from the department.

Q. Then did you give a power of attorney to Mr. Gregory?—A. Yes, I believe I did.

Q. Gave him power of attorney to do what?—A. To collect my accounts in payment of the money he gave me.

Q. To collect your accounts?—A. From the Department of Marine and Fisheries.

Q. Then he endorsed and signed your name upon all cheques, I suppose, did he?—. No——I don't know what he did with my cheques.

Q. You don't know what he did with your cheques. You don't know the amount : the cheques from the department?—A. No sir.

Q. You don't know what he did with your cheques?—A. No sir.

Q. Do you allow people to sign your name in that way?—A. The cheque was not orth the paper it was written on after I got the money from Mr. Gregory.

Q. It was not?—A. No, I didn't care what happened to the cheque after I got the ıoney.

Q. You didn't care what happened to the cheque or the account. I see. And ıen in all cases, generally rather, you put in drafts?—A. To the best of my recol-ction, yes.

Q. You put in drafts?—A. Yes sir.

Q. And then you received the draft accepted by him and you took the draft) the bank and got the money on it from the bank?—A. I think so, yes, that is the ay I understand it.

Q. Then you are enough of a business man to know, of course, you must have aid the bank a regular rate of interest?—A. Well, have you never drawn on a partner hen exchanging a deed?

Q. Never mind asking me questions, it is hard?—A. It is hard for me to answer our questions.

Q. I am asking you about your own business?—A. I don't know. I told you efore I don't know.

Q. You don't know whether you paid the bank interest, discount ?—A. No.

By Hon. Mr. Cassels :

Q. Do you know whether those drafts, Mr. Gale, included the discount you had pay the bank ?—A. I could not say that, I would not like to take my oath on that. don't know. You are asking me a question I don't know.

Senator CHOQUETTE.—They are all here.

Mr. WATSON.—May I see them ?

Senator CHOQUETTE.—Not now.

Mr. WATSON.—I would like to see them for the purposes of my examination.

Hon. Mr. CASSELS.—I cannot order them to be produced.

Senator CHOQUETTE.—My lord, it is just because they are all in order, and they ill be mixed up.

Mr. WATSON.—I will keep them in order.

Senator CHOQUETTE.—I wish to cross-examine the witness on the drafts. My arned friend will see every one of them, but let him finish with the witness, and ıen I will produce them.

Mr. WATSON.—I cannot finish with the witness until I have the departmental cords. These are part of the records of the chief agent of the department, and as ıch, conducting this examination, I want evidence of the records.

Hon. Mr. CASSELS.—I think it would be better to produce them, I cannot tell ou to do it.

Senator CHOQUETTE.—I have them arranged now in order to follow my cross-xamination better. If my learned friend takes them they will be all mixed up.

Hon. Mr. CASSELS.—I will sort them all for you myself. I can do it in two inutes.

Senator CHOQUETTE.—I have no objection to their production.

Hon. Mr. CASSELS.—Then why not hand them over ?

Senator CHOQUETTE.—Very well. Then take the power of attorney as well into ıe bank. (Hands over drafts and power of attorney to Mr. Watson.)

Mr. WATSON.—So that we have now the drafts, and we see the first one is dated March 24, 1904, for $167. That is at two months.

Hon. Mr. CASSELS.—What is the exact amount ?

Mr. WATSON.—$167.45, my lord.

Q. What did you do with that draft ?—A. I suppose I put it in the bank.

Q. You put it in the bank ?

By Hon. Mr.Cassels :

Q. Where is the bank-book?—A. I have not got it with me, I will bring it.

By Mr. Watson :

Q. We had better stop them. Let me see how many of these there are. Just 12. Some of these drafts, one of the drafts is for a couple of thousand dollars?—A. You will find two or three of them.

Q. Two or three of them. Then we can do it intelligently when you produce your bank book. Will you go and get that and be back here at twelve?—A. I think I can be here in ten minutes.

Q. Twelve o'clock will do.

Senator CHOQUETTE.—You had better annex this letter asking for money.

Mr. WATSON.—Whatever you like. Meantime, will you mark these books, Mr. Morse ?

(The following exhibits were marked: Stub cheque-book beginning December 17, 1903, Exhibit 162; stub cheque-book beginning February, 1905 Exhibit 163; stub cheque-book beginning September 26, 1905, Exhibit 164; stub cheque-book beginning July 12, 1904, Exhibit 165; stub cheque-book beginning May 29, 1905, Exhibit 166, cash-book of witness, Exhibit 167; bill-book of witness, Exhibit 168; statement of electrical work done and payments to Mr. Gregory, Exhibit 169; twelve cheques of the Slade Electric Company to Mr. Gregory and Power of Attorney, and two letters, Gale to Gregory, Exhibit 170.)

PATRICK MURPHY, sworn.

By Mr. Watson :

Q. Mr. Murphy, you live here at Quebec ?—A. Yes, sir.

Q. What is your business ?—A. I keep a restaurant.

Q. What ?—A. A restaurant in Lower Town.

Q. A restaurant ?—A. A hotel, but I call it a restaurant.

Q. A hotel or saloon ?—A. A saloon, sir.

Q. How long have you been keeping the saloon?—A. Going on six years, sir.

Q. You are the proprietor of the saloon?—A. Yes sir.

Q. Not a hotel, I understand?—A. Not a hotel, no sir.

Q. Just——A. Just an ordinary bar.

Q. An ordinary city saloon?—A. Yes sir, that is all.

Q. Then your regular business is a licensed dealer in liquors?—A. In liquors, yes sir.

Q. Quite so. You seem to have had a pretty good account with the department. During three years I see it is about $9,000, $8,671.48?—A. I could not say sir. I don't think I ever sold that amount of things.

Q. You don't think you ever sold that amount?—A. No, I don't think so.

Q. $8,671.48.

Senator CHOQUETTE.—How much?

Mr. WATSON.—$8,671.48.

Senator CHOQUETTE.—Since 1904.

By Mr. Watson:

Q. Yes. That is just for the three years, that ends first of April, 1907. You must have been on the patronage list?—A. Well, I couldn't say whether I was on, I was recommended to the patronage list, I don't know whether I was on or not,sir.

Senator CHOQUETTE.—He is a stevedore, not a hotel-keeper.

Mr. GREGORY.—He does both.

By Mr. Watson:

Q. I am asking?—A. I am answering the question the gentleman is asking me, I am answering direct.

Q. Did you supply liquors to the steamers?—A. No sir, I never sold anything in that line of business.

Q. Is that your business?—A. Yes.

Q. What did you supply?—A. I supplied bags, some empty coal bags for the use of the steamers, for coal, sand and different things. I don't know what use they made of them to tell you the truth.

Q. I never heard of a licensed hotel-keeper——

Hon Mr. CASSELS.—He was running both businesses.

By Mr. Watson:

Q. Did you run the other business?—A. I ran the other business besides. I cannot afford to stay in the hotel, I get out and hustle.

Q. Is that account for bags?—A. I had been a stevedore.

Q. Coal bags?—A. I have coaled the *Montcalm* and different other boats belonging to the Marine Department.

Q. You did coaling?—A. Yes sir.

Q. You mean you did work?—A. Yes sir. I took them by the job. I took them by the lump myself as a stevedore.

Q. Did you have contracts?—A. I had contracts with—I took the ship by the lump like that in discharging and loading.

Q. You had contracts, you say?—A. Yes sir.

Q. Contracts to supply bags?—A. No sir. I did the coaling of the ships and the unloading.

Q. But you sold bags by contract?—A. I sold bags.

Q. How much did you get for that?—A Which, sir?

Q. For unloading ships?—A. I think it was 35 or 40 cents, I think something like that.

Q. For what—A. A ton.

Q. 30 or 40 cents a ton?—A. Something like that.

Q. And besides that you sold bags?—A. I sold bags, sir.

Q. Where did you get the bags?—A. I bought them from every place I could buy one.

Q. Are there not any bag manufacturers here?—A. Not in this town, not in Quebec.

Q. Lots in Montreal?—A. I would not want to go to the expense of buying in Montreal, but remember in Quebec it only took me a little time to go round and look for them.

Q. Apparently there were very large numbers of bags bought?—A. I think the most I sold at a time was 5,000.

Q. Five thousand?—A. Yes sir.

Q. You were a regular wholesale dealer?—A. I don't know what you would call it, sir.

Q. So you mean to say they would give you an order for five thousand?—A. Yes, I got an order for five thousand bags at a time.

Q. And apparently you got about nine cents for the bags?—A. Sometimes I would.

Q. And how much did they cost you, four?—A. No, they cost me four and a half, five and a half, six sometimes.

Q. And?—A. Seven. I have sold them at seven, I think I got nine cents in very little cases.

Q. You didn't get nine cents very often. You got a good profit on them anyway?—A. I didn't get a good profit. I made a day's pay on it and was satisfied.

Q. Sometimes you get them at four and a half and sold them at nine cents?—A. Sometimes I did.

Q. That is about double. And sometimes less than that?—A. Sometimes less. Less than what do you mean?

Q. I beg your pardon.—A. What less do you mean?

Q. Less than nine cents?—A. I sold them less than nine cents, I sold them for seven and a half and seven cents.

Q. Yes, that is all right. How did you regulate prices, just buy what you could get?—A. Get what, sir?

Q. What you could get for it?—A. From the Marine and Fisheries?

Q. Yes.—A. I just told them my price. I suppose they couldn't get them any cheaper anywhere else. I only had a day's order to get them, and therefore I told them my price and got them.

Q. What did they want them for, five thousand bags?—A. For the lightships, carrying coal, construction work and sand.

Q. How much would each bag hold?—A. About a bushel and a half, perhaps more. They were taking them for handling quick and swift below.

Q. On the whole a pretty good business.

By Hon. Mr. Cassels:

Q. Were those new bags or old?—A. They were second-hand bags, your honour.

By Mr. Watson:

Q. Who did the mending sometimes, did you have to mend those sometimes?—A. I had to bring them in first-class.

Q. Had you to take them in first-class order?—A. To the Marine and Fisheries.

Q. Did you do the mending?—A. No sir, there was no mending.

Q. You would get one that required mending?—A. Would not buy it.

Q. You would buy it, that is right.—A. Certainly not.

Q. Then you have got your book?—A. I haven't any book, I don't keep any book. I am sorry to say I don't. I ain't had any education and don't keep any book.

Q. Did anybody keep books for you?—A. No sir.

Q. No records?—A. No records of anything.

Q. Let me see your bank-book. You have got a good bank-account, I suppose?—A. (Witness laughs.)

Q. I don't want to go into your private business. Have you anything there to show?—A. Look all through, go ahead. You will see what money I own all my life time. That will show what money I made in the Marine and Fisheries Department.

Q. All right. Is there anything here, Mr. Murphy, to show the moneys that you received from the department and the dates that you received it?—A. No.

Q. Nothing at all?—A. Nothing at all.

Q. Can you pick out these items from other items in the account?—A. I could not, I could not tell that pool money and——

Q. You could not tell what is money from the saloon and what is money from the department?—A. I could not. You can look through and see what money I made from the Marine and Fisheries and what money I was worth.

Q. You can keep the book.—A. You can see what profits I made.

Q. That is all right. I hope you are doing well.—A. I wish I was doing well.

Q. Then you got the cheques from the department at Ottawa, I suppose, in the regular course?—A. The cheques?

Q. From the department at Ottawa, they sent you cheques?—A. The cheques came through Mr. Gregory's office, I didn't receive them.

Q. You never saw the cheques?—A. I didn't receive them.

Q. But you saw them?—A. Yes, I signed for two or three.

Q. There were a great many?—A. I drew my money on the outside from the Marine and Fisheries.

Q. You drew your money outside?—A. Outside the Marine and Fisheries.

Q. Whom did you draw your money from?—A. I didn't have any dealings with Mr. Gregory.

Q. Whom did you draw your money from?—A. Outside.

Q. Who?—A. Young Mr .Odell.

Q. You drew your money from him?—A. Yes, Sir.

Q. That is during the whole three years?—A. The whole three years sir.

Q. Was he in the department?—A. No, sir, not at all to my knowledge.

Q. Where was he?—A. He kept a business of his own.

Q. What kind of business?—A. I couldn't say what kind of business he followed up, but he kept business in later years.

Q. Is that the same one spoken of as Mr. Gregory's grandson?—A. Supposed to be. I always knew him as Mr. Gregory's grandson.

Q. And what did Mr. Gregory have to do with it?—A. I don't know, not to my own personal knowledge not at all.

Q. Did he guarantee anything?—A. He may have done it unknown to me.

Q. What was told you about that?—A. Nobody told me anything. I am here on my oath and I am prepared to swear what is true. Nobody told me anything nor any idea. I swear now to the best of my ability. Nobody told me anything, I would not do it.

By Hon. Mr. Cassels:

Q. How did you come to meet Odell?—A. I tell you, sir, I had no money at the bank to carry on my business and I met this young man—no. Before that Mr. Gregory said I will give you a note to a broker to draw your money, and as I didn't know how to make out a draft on a broker nor didn't know what time I would get the cheque I met Mr. Odell and asked would he be so kind as to advance me. He says 'Where do you do it?' I says, 'The Marine and Fisheries.' He says, 'I will come and see about it.' He told me afterwards, 'I will advance you money at 5 per cent.' Sometimes I used to give him 4 per cent, sometimes less, according to what I make.

Q. You got cheques from him?—A. I got no cheques.

Q. What?—A. I got cash. He paid me in cash and received my cheques.

Q. Who did?—A. Mr. Odell.

By Mr. Watson:

Q. He received your cheques?—A. He received my cheques in return for his paper, and when he got my cheques I asked him to tell me. As long as he was paid I was satisfied.

Q. And did you pay him money, or did he deduct it from the amount of the account?—A. He used to deduct it when he would give me the balance.

Q. Did you give a note?—A. A note, I never gave a draft.

Q. Did you give a draft?—A. I never give any draft.

Q. Well, you do not know when the account was paid by the department?—A. I couldn't say, to tell you the truth, I don't.

Q. How soon after you sent in the account did you get your money usually?—A. I could get it next day perhaps, or a couple of days after.

Q. A couple of days after you would get your money from Mr. Odell?—A. Mr. Odell himself.

Q. Where, in the department?—A. No, in his own office.

Q. And then when he gave you money he would deduct five per cent?—A. Sometimes he would, more times less.

Q. You don't know how soon he would get the money after that?—A. I couldn't say, sir.

Q. Then I see, taking for instance the year 1905-6 a record of cheques that were sent to you. The record comes from the department. July 25th, well, there are two cheques in July, $69 and $70; August 14th and 18th, two cheques, $225 and $140; September 6th and September 9th two cheques, $225 and $334. The department seems to have been paying up pretty promptly there?—A. I couldn't say what time they paid. I just drew my money.

Senator CHOQUETTE.—Have you got there when the account was sent in?

Mr. WATSON.—No, I have not.

Senator CHOQUETTE.—That is the best thing to know.

Mr. WATSON.—I am having that prepared. This is a list, my lord, of the cheques during 1905 and 6, showing cheques being sent monthly in that way.

Q. Did you get large amounts or small amounts from Mr. Odell?—A. I used to get paid in full for whatever the cheques called for, in fact I could not wait one day without it, I couldn't wait almost the second or third day without.

By Hon. Mr. Cassels:

Q. Did you take to Mr. Odell your certified accounts?—A. No, I did not.,

Q. Well, how did he find out?—A. I used to put them in the office.

Q. He would go to the office and find out?—A. Yes.

Q. You mean Mr. Gregory's office?—A. Yes. I used to put it in the account to whoever it might be, and then when approved by Mr. Gregory I would get my money.

Mr. WATSON.—I see that Mr. Gregory certified to most of the accounts, Mr. Belanger as well.

(Departmental list of payments marked Exhibit 171).

Q. Who used to make up your accounts for you?—A. Sometimes Mr. O'Brien and sometimes Mr. Odell.

Q. Oh, I see, sometimes Mr. Odell would make up the account for you and sometimes Mr. O'Brien. Who is Mr. O'Brien?—A. He is a wharfinger or the storekeeper of the Marine and Fisheries. As I could not do it I used to ask him to be so kind and do it.

Q. So your accounts were made out in that way?—A. Yes. I didn't know how to do it and got them people to do it.

Q. You don't write?—A. No, I don't.

Q. I see. So that is the history of it so far as you are concerned, Mr. Murphy?—A. Yes sir.

Q. All right. Now then, on any occasion did you speak to Mr. Gregory about it?—A. About what, sir?

Q. About accounts and when you would get the money?—A. I never did.

Q. You never did?—A. I never did.

Q. How did he happen to give the cheques then to Mr. O'Dell?—A. I couldn't say. He never gave the cheques to Mr. Odell, Mr. Odell never gave me cheques for Mr. Gregory.

Q. When did you hear about Mr. Gregory guaranteeing about accounts?—A. I didn't hear anything.

Q. What did you say about that?—A. I don't know whether he guaranteed accounts or not.

Q. Who spoke about that?—A. Mr. Gregory spoke to me once about, I told you about going to the broker's shop.

Q. Apart from that?—A. I don't know anything else.

By Hon. Mr. Cassels:

Q. Had you other dealings with Odell before?—A. Never before. I had no occasion.

Q. These were the first dealings?—A. The first dealings.

Q. Had you dealings at any other time prior to that with any other broker?—A. No sir.

Q. Where did you first meet Mr. Odell?—A. Three or four years ago.

Q. Who introduced you to him?—A. I knew him for years, from a boy.

Q. Did you give a power of attorney?—A. I think to someone.

Senator CHOQUETTE.—I was going to put that question myself.

Q. I am not quite sure, but I think you said you could not wait for your money, as soon as the account was sent in you were obliged to have the money?—A. I was obliged to have it immediately, as soon as I could get it. I couldn't keep on my own place unless I had the money.

Q. You were on the patronage list?—A. I suppose so.

Q. I suppose your member placed you on?—A. I think Mr. Dobell.

(Evidence taken in French will be published later.)

Senator CHOQUETTE.—(During the examination of Mr. Cote by Mr. Perron.) I must object against this assumption on the part of counsel that anybody is guilty. These parties have their names read out and suspicion is cast upon them.

Hon. Mr. CASSELS.—I do not think counsel ought to assume that anybody is guilty.

Mr. PERRON.—My lord, I should like my learned friend to state whether or not he is appearing for these parties. I have no lesson to receive from Senator Choquette.

Hon. Mr. CASSELS.—Certain parties are accused of offences and the officials of the Marine Department have to clear themselves. The questions Mr. Perron is putting are perfectly justified.

Senator CHOQUETTE.—But to suggest the witness paid more rent because he was a tenant of Mr. Gregory's, I protest against these insinuations.

Mr. PERRON.—I must and should protest against this insinuation. I have not done what Senator Choquette is saying. I want it to be well understood that it is useless to come before the court to create the impression that we are trying to persecute anybody here. I wish this to be understood, that during the conduct of this investigation I have been doing my duty without injuring anybody.

Senator CHOQUETTE.—I do not want to blame my honourable friend. Perhaps he is doing more than his duty.

Mr. PERRON.—My lord, I am not doing more than my duty; I am doing my duty. I have no lesson to receive from Senator Choquette. I know the scope of my duty and should not ask him to indicate it to me.

Senator CHOQUETTE.—I have a client to protect. I think these insinuations should not be made, for they appear in the press and create a wrong impression.

His LORDSHIP.—Senator, the position is this, I am not here responsible for what the press says; I am here to get the truth. Later on whoever is right or whoever is wrong to the best of my ability will either be exonerated or found guilty.

Senator CHOQUETTE.—I am absolutely convinced of that, my lord. At the same time, I have a client to protect.

His LORDSHIP.—I think that Mr. Perron and Mr. Watson are doing their duty.

Senator CHOQUETTE.—Exactly, but at the same time, to ask: Did you pay more rent to Mr. Gregory? I think that is not justified. In its French form the question.

I think, is very objectionable. Anyhow, my lord, I beg your pardon if I have put this too strongly, but I think it my duty to protect my client.

(Evidence taken in French will be published later.)

Philip PAYN, sworn.

By Mr. Watson:

Q. Mr. Payn, you have been the book-keeper for Mr. Holliday, Holliday Bros., for some time?—A. Chief clerk for the last six years.

Q. You keep the books?—A. I keep the books.

Q. This is your writing in these books?—A. Part of it, sir.

Q. Eh?—A. Part of it.

Q. I see. They are very well prepared books?—A. I am very glad to hear of it.

Q. Wil you take this please. Is there any account there called 'special account' with Mr. Holliday in the index?—A. Mr. Holliday's special account?

Q. Yes. In the index first, please?—A. Yes, sir, that is the eighth.

Q. Let us see the index, what page?—A. Number eight.

Q. Just show me the account, page eight?—A. The number is being transferred to the transfer ledger.

Q. Is it entered in that book?—A. The account, no, sir.

Q. The leaves taken out?—A. And put to the transfer ledger.

Q. Wait, please. When were the leaves taken out?—A. To the best of my remembrance last March.

Q. Last March?—A. Yes.

Q. March of this year?—A. 1906, sir.

Q. How many leaves were taken out?—A. I don't remember.

Q. About how many?—A. I couldn't say.

Q. Who took them out?—A. I did.

Q. Who told you to take them out?—A. Nobody, sir.

Q. A dozen leaves?—A. I could not say.

Q. Two dozen leaves?—A. I could not say.

Q. Three dozen?—A. I cannot say.

Q. One hundred leaves?—A. I don't remember.

Q. You don't remember. And the special account, where are the leaves that were taken out of the book?—A. They are in the transfer ledger.

Q. All the leaves?—A. All the leaves, sir.

Q. That were taken out of that book?—A. That were taken out of that book by me are in the transfer ledger.

Q. Who else took leaves out?—A. Nobody that I know of.

Q. Where is the transfer ledger?—A. Right over there, sir (indicating).

Q. Is there any other special account of Mr. Holliday's in that book?—A. No, sir.

Q. Eh?—A. No, sir, no other special account.

Q. No other special acount?—A. No other special account.

Q. What is meant by 'special account of Mr. Holliday'?—A. I don't know, sir, that account was kept before I was there.

Q. You don't know?—A. No.

Q. Why did you take out the leaves?—A. Because we had no further use for that account. As far as I understand that account was wiped out just before I got there.

Q. That was last March?—A. I didn't see any use keeping those leaves in. I put them in the transfer ledger.

Q. You didn't see any use?—A. Yes, sir.

Q. It is very extraordinary, is it not, to take leaves out of a ledger?—A. No, sir.

Q. Did you ever see that done before?—A. No, sir, never before.

Q. Did you ever hear of a book-keeper doing anything of that kind before?—A. I don't remember it.

Q. What do you think your employer would say if he knew it?—A. I don't think he would have any objection. There was no further use for that account.

Hon. Mr. CASSELS.—Do you swear you took those leaves out without instructions?—A. I swear that, sir.

Mr. WATSON.—Without any instructions?—A. Without any instructions whatever.

Q. You knew what you were taking out?—A. Certainly, sir.

Q. You knew what the entries were?—A. At the time, certainly I did.

Q. You knew what the entries were?—A. Certainly.

Q. And the same identical leaves that were taken out—— ?—A. Are now in this book.

Q. And there may be a hundred of them?—A. I could not say.

Q. Show me where they are?—A. There it is, one sheet (indicating).

Q. One sheet?—A. That is all, sir.

Q. You said you could not say whether there were a hundred or not?—A. I could not say.

Q. You could not say?—A. I don't remember.

Q. You don't remember?—A. I don't remember how many there were.

Q. Where is the sheet?—A. Right there (indicating).

Q. That sheet?—A. That sheet, sir.

Q. But that has just got something—what is that entry?—A. I cannot see from here.

Q. Look?—A. To amount transferred.

Q. To amount transferred?—A. To amount transferred.

Q. $5,751. Now, you had sheets there you say with entries made upon them. You don't mean to say that represents what was taken out of the book?—A. That was the whole thing, sir.

Q. There are no details there?—A. Not at all.

Q. Where did that come from, that entry, 'to amount transferred'?—A. That is transferred to profit and loss I suppose.

Q. Do you know?—A. I suppose that is transferred to profit and loss.

Q. Do you know?—A. No, I cannot say.

Q. But you were the book-keeper. I saw in going over these books last night that they are admirably kept as a matter of bookkeeping?—A. Yes.

Q. A perfect system, apparently, that is right?—A. I can't say that.

Q. You cannot explain that?—A. I cannot explain that.

By Hon. Mr. Cassels:

Q. These sheets, as I understand, that you thought you took out, or the sheet which you took out, had not itemized payments?—A. No sir, that is the only sheet I took out.

By Mr. Watson:

Q. There is nothing there to show special accounts?—A. That is the only sheet. I don't know how that amount got there.

By Hon. Mr. Cassels:

Q. Witness, you have got here, 'to amount transferred, $5,751.' Now, don't the sheets you took out of the other ledger show how that was made up?—A. No, sir. The only thing I had to go by was that one sheet there for the amount of $5,000.

By Mr. Watson:

Q. Then, why did you take that sheet out of its proper place in the ledger?—A. Because I didn't see we had any further use for a special account of Mr. Holliday.

We have Mr. Holliday's account in the ledger and there was nothing being entered up to that special account, so I didn't think there was any use keeping that there. I simply took it out of our transfer and put it in the account current ledger.

Q. You transferred it to the current ledger?—A. To the transfer ledger, I should say.

Q. That is current?—A. The transfer ledger. That is what I call the current ledger.

Q. Still, you say when the leaves were taken out you don't know how many you took out?—A. I don't remember whether there was a dozen or one.

Q. You said you did not remember whether there were a hundred or not?—A. I see this morning there is only one.

Q. That entry does not correspond with other classes of entries in the books? A. No.

Q. It does not give details. Where are the details?—A. There are no details.

Q. Where are they?—A. I don't know, there are no details to that.

Q. But you have been there since 1904, six years?—A. I have not kept those books.

By Hon. Mr. Cassels:

Q. This other account of James Holliday began June 12, 1903. It has detail items showing exactly how they were made up. I presume that account was balanced from year to year?—A. No sir, not from year to year.

Q. It has been done?—A. Yes sir.

Q. You still retain these sheets?—A. Yes sir.

Q. This account you transferred is May 1, 1904?—A. Yes sir.

Q. Previous to those dates?—A. Yes sir.

By Mr. Watson:

Q. Now, how do we show how these amounts are arrived at as a matter of book-keeping, how do we show that amount is arrived at?—A. Will you let me have a look at it, please?

Q. You know it will be necessary, witness, that we should have this full explanation and statement?—A. I will give all the information I can, Mr. Watson, I cannot give any more. There are the books showing the entries I made, there is nothing further.

Q. Is that your writing?—A. This is my writing on one side.

Q. That is your writing on one side?—A. On one side.

Q. That is the entry of $5,717?—A. Has been transferred.

Q. Is that your writing?—A. On this side here (indicating.)

Q. Where did you get that entry?—A. I simply transferred this to square the account.

Q. Where did you get that from?—A. Which from?

Q. What you have written there?—A. Where?

By Hon. Mr. Cassels:

Q. On the left-hand side, the one in your handwriting?—A. Simply transferred this to profit and loss account to square the account.

Q. Where does it show profit and loss account in that book?—A. You will find that account there.

Q. I would like to see the items of the profit and loss account showing how it was debited in the business?—A. You will find that in the journal.

By Mr. Watson:

Q. The journal is not here at this moment?—A. You will find it in the journal, folio 242. The amount of Mr. Holliday's account was transferred to profit and loss.

Q. Are the details there?—A. No sir, no details.

Q. How do you account for that?—A. I don't know. I was not with Holliday Brothers when that special account was opened.

Q. There are no other details?—A. No sir.

Q. How do you explain this that there are no details for that?—A. I was not here when that special account was opened. Mr. Holliday likely can give you details about it.

Q. You have been there six years?—A. I have not had those books for six years.

Q. How long have you had those books?—A. Let me see now—about three years, three and a half, this set of books. When I first went to Holiday's I simply looked after the steamer books.

By Hon. Mr. Cassels:

Q. Does the profit and loss account show that item of $5,000 odd wiped out as a loss to the business?—A. Yes sir.

Q. Nowhere is Mr. Holliday charged with it?—A. No sir, no other place. It is likely charged to profit and loss.

Q. Simply a private disbursement wiped out as a loss to the business?—A. Yes sir.

By Mr. Watson:

Q. These private disbursements were made by the firm?—A. I cannot say that.

Q. You cannot say that?—A. I cannot say that.

Q. They would not be entered in that book if they were not made by the firm?—A. I don't think so.

Q. They would not be there properly?—A. No.

Q. Then in addition to that you have the account of Mr. Holliday, another account?—A. Yes sir, current account.

Q. How many accounts are there for Mr. Holliday?—A. At present one.

Q. And before the present time?—A. Well, up to the last of March, 1904, there were two in the current account, one a special account that they made no entries in at all, the last three or four years they made no entries in that special account.

Q. I see. That will do for the present. I will have something else to ask this afternoon or to-morrow morning.—A. All right, Mr. Watson.

James Holliday *recalled.*

By Mr. Watson:

Q. You have been sworn Mr. Holliday?—A. Yes sir, I was sworn yesterday morning.

Q. Will you look at the book there before you?—A. What is it.

Q. Is there any special account of yours in that book?—A. Yes.

Q. Look at the index. Where was your special account kept, at what page?—A. I could not tell you that.

Q. What number is the special account?—A. I could not tell you that without looking at it.

Q. Look and find out please?—A. Number eight apparently here.

Q. Number eight?—A. Yes.

Q. Look at number eight?—A. Yes.

Q. Look at it please?—A. Yes.

Q. What are the entries on number eight?—A. There is an entry of $5,781.25.

Q. Yes. This is the current ledger. Look at the account there. Where was the special account kept there?—A. I don't know there was any special account.

Q. Look and see. The index shows. What is the number of the page?—A. Eight.

Q. Number eight. Find the account there at number eight?—A. No ,there is nothing here.

Q. What?—A. There is nothing here.

Q. Nothing there?—A. No.

Q. Leaves taken out?—A. No sir.

Q. Eh?—A. Not to my knowledge.

Q. Leaves appear to be taken out?—A. It appears to be taken out.

Q. It appears to be taken out?—A. Yes, it appears to be taken out.

Q. How many leaves?—A. I don't know I am sure. There seems to be seven—eight seems not to be here.

Q. Account No. 8 has been taken out, that is your special account?—A. No, there was not any account to my knowledge.

Q. What?—A. There was no account to my knowledge.

Q. No special account with you?—A. No special account with me.

Q. There never was a special account?—A. There never was a special account. There might have been in former years.

Q. I see. But no special account with you?—A. No special account.

Q. No cheques showing a special account with you?—A. No, not that I know of, not that I am aware of.

Q. Who would be aware of it if you were not?—A. Well, I don't know of anyone.

Q. You don't know of anyone. Do you swear there was no special account?—A. I won't swear to anything of the kind, but none that I am aware of.

Q. Well, you would know, you were practically the proprietor of the business?—A. Yes sir.

Q. And you don't know whether there was a special account with you?—A. I had a special account at one time.

Q. When?—A. That was many years ago.

Q. When?—A. That must have been—I couldn't tell exactly when it was, but I know I did have a special account at one time.

Q. Do you mean ten or fifteen years ago?—A. Yes, I do. Yes about ten years ago I had a special account.

Q. It stopped then?—A. I cannot tell when it stopped.,

Q. What was entered in your special account?—A. I am not aware now, I could not tell you off-hand.

Q. Have you any idea what was entered in your special account?—A. No.

Q. No idea?—A. None whatever.

Q. You cannot tell any more than I can?—A. No more.

Q. You have no knowledge of what was entered in the special account of James Holliday, that is right, is it?—A. That is right.

Q. That is right?—A. That is right.

By Hon. Mr. Cassels:

Q. Mr. Holliday, that special account transferred shows a sum of $5,700 odd transferred?—A. Yes, my lord.

Q. Did you ever make a payment of that amount in cash at one time?—A. No sir, not to my knowledge.

Q. Then that must have been made up of details?—A. Which, sir, that amount?

Q. That $5,700 odd which you have before you and which was transferred to the current ledger must have been comprised of several detailed items?—A. No, I don't—

Q. Well, did you ever make a payment of that kind in bulk—you say not?—A. No, I never did.

Q. Very well, it must have comprised certain detail items. We want to get those details.

By Mr. Watson:

Q. Where are they?—A. I don't know.

By Hon. Mr. Cassels:

Q. Were they carried to profit and loss and wiped out?—A. That might have been after my brother's death. I could not say. I was in partnership with my brother at one time, and he retired from the business, I think, in 1903 or 4.

By Mr. Watson:

Q. These are the books that were not produced yesterday?—A. Yes sir.

Q. Yes, the same ones that were not at first produced. Now, I want to know specifically and clearly when these leaves were taken out?—A. Those leaves were never taken out to my knowledge at any time.

Q. Have leaves been taken out?—A. Not to my knowledge. It is the first thing —there appears to be, and it is the first I know of.

Q. What?—A. This is the first I know of, the first I have heard of it.

Q. Do they appear to be?—A. I have already said that there was one taken out— t least, I don't say taken out, but according to the way they are numbered there is o nine.

Q. There is no eight?—A. There is no eight, I beg your pardon. Here are six nd seven, there is a page here empty, but there is no number on it.

Q. But the index is a regular index, is it not?—A. Yes, certainly a regular index.

Q. And there are entries after that, number nine comes after number eight, there nust have been entries there?—A. No. It is just possible that was left open for me nd I never used it

Q. When did that occur to you?—A. Yes, just now exactly.

Q. Then you think it may—you think there may never have been any entries here?—A. It is just possible there were no entries there.

Q. Did you ever speak to your bookkeeper about it?—A. Never.

Q. What?—A. Never. I was not aware of it.

Q. You were not aware of it?—A. Not to my knowledge.

Q. I see. Would you approve of the leaves being taken out of the book? Why do you hesitate?—A. I don't know any reason for taking leaves out.

Q. Would you permit leaves to be taken out of your books?—A. No.

Q. Eh?—A. No. Not that I—I never had any occasion to take leaves out.

Q. I never asked you that?—A. That is my answer.

Q. Would you permit leaves to be taken out?—A. I never had any occasion, that never entered my head.

Q. Then you might permit it?—A. I don't say whether I would or would not.

By Hon. Mr. Cassels:

Q. Had your clerk a right to take leaves out of that ledger without your authority? —A. Take leaves? Sometimes they are transferred. I presume I never do.

Q. Just answer the question. Had your clerk any right without the authority of some member of the firm to take out a leaf or leaves from that book?—A. No.

Mr. Watson.—We will resume with you a little later.

Hon. Mr. Cassels.—Now, what about this examination?

Mr. Watson.—Two o'clock, my lord.

Hon. Mr. Cassels.—Then we will go down and take it.

Senator Choquette.—Well, my lord, about this afternoon. I am told you intend to hear Mr. Audibert. Well, if my learned friends tell me they have nothing to ask about Mr. Gregory it will be useless for me to go there. I would ask my learned friend if they take any witness when I leave the court at half-past four, that they will take a short one.

Mr. Watson.—My lord, it is understood that any officials who have been suspended or whose names are mentioned in evidence have the right to appear and give evidence and to be represented by counsel if they so desire.

Witness.—My lord——

By Hon. Mr. Cassels:

Q. What is the statement, Mr. Holliday?—A. This bookkeeping system, my lord, we are keeping, it is a loose leaf system, and we transfer very often these leaves—I

want to say, my lord, the way our books are kept, the system they are kept in, it is the loose leaf system, and many times those leaves are taken from one book and transferred to another.

By Hon. Mr. Cassels:

Q. Now, Mr. Holliday, will you take the trouble to look at your book. You will find this account of 1904 is transferred into another book and you will see that that account is wiped out in profit and loss as a debt of the firm. We want details of that account?—A. Yes, I will try.

(Adjourned at 1 p.m. to 2.15 p.m.)

(Audibert follows in French.)

(Evidence taken in French will be published later.)

(In the absence of Senator Choquette, Mr. Galipeau appears on behalf of Mr. Gregory.)

(His lordship returned to the Court at 5.30 p.m., having taken Mr. Audibert's evidence at the latter's residence.)

Hon. Mr. CASSELS.—I am sorry to have kept you waiting, Mr. Watson. We have just got through with Mr. Audibert.

Mr. WATSON.—Yes. I heard it was a longer examination than was expected.

ROBERT H. GALE, recalled,

By Mr. Watson :

Q. Now, have you got your books ?—A. Yes, sir (producing).

Q. What are these ?—A. Bank books.

Q. This one commences July 30, but there is not any year mentioned here ?—A. The bank made those entries.

Q. What year ?—A. I don't know.

Q. Well, what does that apply to ? You can tell by looking it up I assume ?—A. Seeing it commences before 1904, I should imagine it is 1903.

Q. How do you know ?—A. It is marked.

Q. It is 1904 ?—A. You will see the previous pages are 1903.

Q. I see. This is 1904 ?—A. Yes, sir.

Q. And this runs along up to 31st of March, 1905, does it ?—A. Yes, sir.

Q. Now, can you pick out the entries in that book of the amounts of drafts that were drawn by you upon Mr. Gregory and accepted by him ?—A. No.

Q. Can you identify any of them ?—A. No.

Q. Have you any means of identifying them?—A. No.

Q. Here are the payments in the next bank book, some payments of $200 and $300 and $500. Can you identify those, can you say what they related to ?—A. No.

Q. You cannot say ?—A. No, sir.

Q. Here is a bank book of the Bank of British North America commencing March, 1906, and carrying on to the present time. Do you identify any of these entries ?—A. No.

Q. What ?—A. No.

Q. Well, this book runs right up to April 30, 1908. Can you identify any entries in the book ?—A. Do you want me to go through the book, Mr. Watson ?

Q. Just tell me whether you can or not ?—A. I can identify one amount.

Q. Yes, which is it ?—A. $2.02.

Q. Yes. Who was that received from ?—A. It was not received from anybody. It was money I paid to the bank for a protested note.

Q. That appears on the face of it, I suppose ?—A. It is marked here.

Q. A protest. I see, you are very shrewd to be able to identify it.—A. It is arked. I can guess eggs if I see them in the shell.

Q. I see, you can guess eggs if you see them in the shell. You can tell when ou see goose eggs too?—A. I haven't seen very many goose eggs, but I have seen eese though.

Q. Very good. And that is the only entry you can identify in that book ?—A. Vell, if you can give me time to go through the whole book I can probably identify ore.

Q. Take the last page of it, the most recent?—A. No, I cannot think I can lentify any entry on the last page.

Q. These drafts that were put in by my learned friend, Mr. Choquette, are drafts ade by you, are they ?—A. Yes, sir.

Q. Or promissory notes ?—A. Some of them, yes, sir.

Q. On Mr. Gregory. Take this one of March 24, 1904 for $167. Look at your ank book and see what was done with it ?—A. What is the date ?

Q. March 24, 1904.—A. It doesn't say here what was done with it.

Q. No traces of it at all ?—A. No. Apparently that amount is not here.

Q. Any amount corresponding to that ?—A. No, sir.

Q. Less discount ?—A. No, sir.

Hon. Mr. CASSELS.—What is the date of that note ?

Mr. WATSON.—March 24, 1904, my lord, for $167.65.

Hon. Mr. CASSELS.—What length of date ?

Mr. WATSON.—Two months after date.

Q. The next one is a promissory note dated June 16, 1904, for $225. What was one with that?—A. I don't know.

Q. You don't know. Do you know what you did with either of these notes?—A. think I deposited them in the Peoples Bank of Halifax.

Q. You think you deposited them?—A. Yes sir.

Q. You cannot find any trace of the deposit?—A. No.

Q. And you have no book showing any entries?—A. No.

Q. Of record in regard to them?—A. No.

Q. In the same way the next one, $400, July 4, 1904, payable two months after ate.—A. July 4?

Q. Trace that.—A. That is the amount?

Q. $400.—A. No sir.

Hon. Mr. CASSELS.—Look at the date of maturity of the note.

By Mr. Watson:

Q. Two months after date, that would mature on September 6.—A. September 6?

Q. Yes.—A. No sir.

Q. Yes.—A. No sir.

Q. That does not appear to have gone into the bank at all, does it?—A. There s no bank name on it or stamp?—A. No.

Q. You have no idea what you did with the note?—A. What I did with the note?

Q. Yes.—Except that I may have given it to Mr. Gregory.

Q. Well, have you any idea, do you know what you did with it?—A. No.

Q. I wonder where the geese are. Then the next one, July 20, 1904?—A. July 0, 1904?

Q. $1,760.—A. No. Oh, July 20?

Q. Yes.—A. No sir. What is the date of maturity?

Q. The date of maturity would be October 23, that is three months after date?—A. No sir.

Q. The next one is $500 the same way, is it, that right?—A. August 22?

Q. Yes, one month after date.—A. What was the amount, Mr. Watson?

Q. $500.—A. One month after date, no.

Q. September 13, 1904, $1,100?—A. Yes, there is a deposit here on the 14th of $1,100.

Q. I see, the 14th, $1,100. That is the first one we have got, is it? One month after date. Then the next one is September 23, 1904, $2,200. Is that right?—A. What date, sir?

Q. September 23.—A. There is a deposit of $2,000 here.

Q. What about the other $200?—A. I don't know.

Q. Who got the other $200?—A. I don't know.

Q. I suppose that would be about 10 per cent, would it not?—A. It looks that way.

Q. And then the next one is $1,650?—A. What date?

Q. November 4, 1904.—A. $1,600?

Q. Yes.—A. No.

Q. No trace of it. The next one is $1,203, November 14, 1904?—A. No.

Q. No trace of it. April 10th, 1905, $222?—A. April 10th?

Q. Yes.—A. What is the amount, Mr. Watson?

Q. $222.—A. No.

Q. June 20th, 1905, $381?—A. June?

Q. The 20th, 1905?—A. June 20th, what amount?

Q. $381.—A. No.

Q. You cannot do anything about them, eh?—A. No.

Q. I see. What is this name here, what is this document dated 3rd February, 1905, 'I hereby appoint'—what is that name?—A. A. B. Van Felson.

Q. A. B. Van Felson, who was he?—A. He at that time was the manager of the Peoples Bank of Halifax.

Q. Manager of the Peoples Bank of Halifax. What does he do now?—A. I don't know.

Q. Is he about town yet?—A. I think so, to the best of my knowledge he is.

Q. What did he do?—A. I don't know.

Q. Has he got any occupation I mean?—A. I think he has.

Q. Is he about the Court here?—A. Yes.

Q. Any relation of yours?—A. No, not that I know of.

Q. Who is he related to?—A. I have not got his pedigree. I don't know.

Q. Related to Mr. Gregory?

Mr. GREGORY.—Yes.

WITNESS.—Yes, Mr. Gregory says yes.

By Mr. Watson:

Q. I see. And he had the power of attorney in 1905?—A. Yes sir.

Q. What did he do for you?—A. He cashed my drafts.

Q. He cashed your drafts. How much did you pay him?—A. I don't know.

Q. You don't know?—A. No.

Q. You don't know how much you paid him for cashing your drafts?—A. No.

Q. How many people did you pay?—A. I don't know.

Q. Well, you knew what you were doing in business, Mr. Gale?—A. I think so.

Q. But you don't know?—A. I don't know.

Q. Who you paid?—A. No.

Q. You don't know how many you paid for cashing the drafts?—A. No.

Q. You may have paid a dozen?—A. I might have paid nobody.

Q. Yes, and you might have paid a dozen?—A. I might have done lots of things, I don't remember.

Q. That you don't remember. You mean that you don't want to tell?—A. I didn't say that.

Q. You surely know something?

By Hon. Mr. Cassels:

Q. You surely know something about your business. People don't get these sums of money for nothing?—A. Your lordship, I don't remember what discount I paid the Peoples Bank of Halifax for the cashing of those drafts. I have explained that to Mr. Watson on several occasions.

Q. You see, the trouble about it is that is the Peoples Bank on your book?—A. Yes.

Q. It may appear you never cashed them at all at the Peoples Bank, sometimes you may have gone somewhere else?—A. No. I think the matter could be very easily explained.

Q. Explain it. Mr. Watson just wants to get the truth?—A. Exactly.

Q. If you cashed or discounted the drafts you would have them entered in the bank book?—A. You don't suppose, your lordship, I got a draft from Mr. Gregory and carried it around in my pocket when I needed the money.

Q. I don't suppose you did. I should think you would be a fool if you did, and I should think you would be equally foolish if you did not cash it somewhere?—A. I told Mr. Watson I cashed the drafts at the Peoples Bank of Halifax.

By Mr. Watson:

Q. They don't appear in the book?—A. That is not my fault.

By Hon. Mr. Cassels:

Q. Would you deposit the proceeds somewhere?—A. They were deposited at the Peoples Bank of Halifax.

Q. Well, there is your book which shows they were not?—A. They don't show anything of the kind, your lordship. For instance——

By Mr. Watson:

Q. We have one?—A. If you will allow me to explain. If you give me a cheque to-day for $25 and his lordship gives me $25 and everybody in this court house gives me $25 and Mr. Gregory gives me a draft for $100, I would deposit that whole thing together. Would Mr. Gregory's draft appear?

Q. Yes.

By Hon. Mr. Cassels:

Q. Witness, there are some large drafts there, some amounting to $2,000?—A. Yes, sir.

Q. Now, with all the other cheques and drafts you were augumenting that account the credit would be greater, but you do not find any credit equal in amount?—A. I do, your lordship.

Q. On corresponding dates?—A. Yes, about that date. Mr. Watson asked me if I could find that amount.

Q. You will find corresponding with that date a larger amount?—A. Yes, on some occasions.

Q. Well, that is all Mr. Watson wants to get. You may have added to this draft, making the aggregate larger than the draft?—A. That is what occurred, but Mr. Watson asked me if I saw that amount in the book.

By Mr. Watson:

Q. Look then at November 4, 1904, $1,650?—A. November 4?

Q. Yes?—A. On November 15 I have another deposit of $1,100.

Q. Yes?—A. On the 15th November I have another deposit of $1,100.

Q. Yes?—A. That is all I have got in November.

Q. That would not represent $1,650, would it?—A. Well, it makes $2,100.

Q. But one is November 4th, and the other the 15th.

By Mr. Cassels:

Q. Surely if you discounted the draft for $1,100 when you got it, they would not hold it for a week?—A. No, no, I understand, but as I say, Mr. Watson is asking for evidence I am not clear about, and I cannot give it.

By Mr. Watson:

Q. Well, is there anything in your book representing the proceeds of the discounting of this draft or note of $1,650?—A. Not that I can see.

Q. Well, that is the same with regard to the others?—A. Some of them, yes.

Q. Take the next one, November 14, $1,203, is there anything representing that?—A. November what?

Q. 14th?—A. There is a deposit marked here of $1,100.

Q. On November 14th?—A. On the 15th.

Q. Oh, no. $1,100?—A. Yes.

Q. They would not charge you $103, would they?—A. I tell you, the amount is here.

Q. Well, I want to know would they charge you $103 for discounting this note which is drawn at one month?—A. I don't think so.

Q. Then what do you say about it, does it represent it?—A. Represent what?

Q. Represent this note?—A. $1,100?

Q. Yes.—A. I think it does.

Q. You think it does?—A. I think it does.

By Hon. Mr. Cassels:

Q. He may have got cash and deposited the balance?—A. That is right.

By Mr. Watson:

Q. Yes; but what is your explanation of it?—A. Just what his lordship said.

Q. You have not said anything like that.—A. But his lordship said I did.

Q. His lordship knows more about your books than you know yourself?—A. Exactly.

Q. I see. The fact is, you don't know anything about it?—A. That is about the size of it. In your estimation I don't seem to know very much about it.

Q. Then on June 6th, 1904, you signed this letter to Mr. Gregory apparently, is that right?—A. That is my signature.

Q. Where was the letter prepared, and by whom?—A. Where was the letter prepared, and by whom?

Q. Yes. You like to repeat my question, I see. That is to give you time, I suppose, to get your answer. That letter forms part of Exhibit 170?—A. This letter, as I remember, was prepared in Mr. Gregory's office.

Q. Yes?—A. Yes.

Q. By whom?—A. By Mr. Gregory's stenographer.

Q. Yes. Dictated by whom?—A. By Mr. Gregory and myself.

Q. Dictated by Mr. Gregory and yourself? I see. That was his idea, was it?—A. His idea and my idea.

Q. His idea and your idea?—A. Exactly. I don't usually sign letters that are not in accordance with my ideas.

Q. Good enough. Then this says: 'My dear Mr. Gregory, it will be a great advantage to me if you could possibly lend me the money that I require to purchase different articles of machinery for my business as electrical contractor. If you will be so kind as to help me I will consider I owe you a debt of gratitude and honour, and I will give you a power of attorney to the bank that you may draw all moneys coming to me in order to cover the advances you have given me.' Is that it?—A. That is it.

Q. Why did you consider it a debt of honour?—A. I don't think it is necessary to explain why I considered it a debt of honour.

Q. No, you don't. Well, now then, you got drafts and notes from him and you took them to the bank. He did not lend you the money, he apparently signed the papers?—A. He lent me his name.

Q. He lent you his name?

Hon. Mr. CASSELS.—Speaking from memory, I did not see his name on a great many of those drafts.

By Mr. Watson:

Q. That is right. These are produced by Mr. Gregory. That is the way that came about. Did you sign this letter too (producing)?—A. Yes.

Q. How much did you pay, can you think how much you paid to Mr. Van Felson for his services?—A. I think I have already told you I did not.

Q. You did not pay him anything?—A. I did not say that.

Q. How much did you pay him for his services?—A. I told you I did not know. I told you I did not know whether I paid him anything or not.

Q. I see. No idea whether you paid him $500 or $1,000?—A. I have a very good idea I did not pay him anything, but having an idea and taking one's oath are two different things.

Q. I see. So your idea is not sufficiently definite or accurate to be able to pledge your oath to it?—A. I don't care to.

Q. This letter is written to Mr. Gregory and dated February 3, 1905?—A. Yes.

Q. Was that written in his office in the same way?—A. In his office in the same way.

Q. Under the same circumstances. This says, 'You are aware that Mr. E. Nagle was engaged on board the Dominion government steamer *Arctic*. He gave me a power of attorney with power of substitution, making me his lawful attorney to receive all moneys which may be due or coming to him, from the Department of Marine and Fisheries, and with this money I am to pay any debts he may owe. Being pressed for that purpose, I would take it as a personal favour for Mr. Nagle as well as myself if you will kindly help me to get an advance of the salaries that may be due him to the extent of $300, ' to be paid back by instalments by Mr. Nagle's monthly wages through Mr. A. B. Van Felson manager of the Peoples Bank of Halifax, Quebec, whom I have substituted in my place to receive Mr. Nagle's money.' I see that is not a matter affecting your own business then?—A. No.

Q. How did you happen to go to Mr. Gregory in the first place? Did you hear he was after that kind of business?—A. What do you mean by the first place?

Q. Oh, to get his name, to get the use of his name?—A. I went to him when I wanted money.

Q. Did you hear he was doing that kind of business?—A. No.

Q. What?—A. No.

Q. Did you know he was doing it for others?—A. No.

Q. You told me yesterday you did?—A. I beg to differ with you, Mr. Watson.

Q. All right. Then I withdraw it if you say you did not—that is, I withdraw it for the purposes of the examination?—A. Yes.

Q. Then that is what you say now, at all events, that you did not know he was doing the same kind of business for others: Is that right?—A. I have already said no.

Q. Had you any idea of it at all?—A. No.

Q. Never heard of it at all?—A. No.

Q. Through Mr. Van Felson or any one else?—A. No.

Q. Was that not the reason that you went to him?—A. Was not what the reason I went to him?

Q. That you heard from others?—A. The reason, your lordship, I went to Mr. Gregory was that I was in need of money. I was doing work for the Marine and Fisheries Department and Mr. Gregory knew I was doing that work, and he was the only one in the city of Qubeec to whom I could go to raise money. I needed money

to pay for machinery shipped to me C.O.D.; I needed that money and went to Mr. Gregory. He advanced me the money on the strength of my orders to the Department of Marine and Fisheries, and for no other purpose.

Q. I see. That was because you were doing business for the department?—A. The machinery in question was for the Marine and Fisheries Department. Mr. Gregory knew the machinery I was going to pay for was going into the Marine and Fisheries Department.

Q. Then was it because he was agent for the Marine and Fisheries Department that you went to him?—A. I could not say yes and I could not say no.

Q. You could not say yes and you could not say no. You cannot say?—A. I could say a great many things, Mr. Watson, a great many things.

Q. I suppose it will follow you do not know?—A. I would not say that either.

Q. Then what was the reason you went to him, because he was——?—A. To get money.

Q. Because he was agent of the department?—A. I have already told you I would not like to say yes or no. I went to him because I thought I could get the money. That was my sole reason.

Q. And giving him, allowing him to retain 10 per cent?—A. Yes sir.

Q. Ten per cent?—A. Yes.

Q. Then when you took the draft, or promissory note to the bank and discounted it, how did he get the ten per cent?—A. How did he get the 10 per cent?

Q. Mr. Gregory. Did you give him a cheque?—A. No. In two cases I did, the cheques I showed you this morning.

Q. Yes; but he deducted 10 per cent you said?—A. In most cases he did, in two cases he did not, and in the two cases he did not and paid me the full amount of the account I gave him back a cheque equal to 10 per cent.

Q. Have you got those cheques?—A. You have them, sir.

Q. The cheques?—A. I gave them to you this morning.

Q. Are they here, the two cheques? I don't think you handed in those cheques?—A. That is a difference of opinion. I know I did.

Q. Have you got them marked, Mr. Morse?

The Secretary.—I have not got them marked. You counted twelve when you examined the witness this morning.

Witness.—If you remember, Mr. Watson, I did not handle those cheques at all. I handed you two cheques, one for $150 and the other for $110, which you laid on that table. I have not seen them since.

By Mr. Watson:

Q. And those were given for what amounts, 10 per cent on the——?—A. On the amount of the accounts.

Q. Then I guess they must be here. And then the others when you discounted them, how did Mr. Gregory get the 10 per cent?—A. Because he deducted 10 per cent from the account before he gave me the draft, and that is the reason the same amount does not appear in the book that appears in the draft.

Q. Did you get the draft and take it to the bank?—A. Yes.

Q. Then where would he get the 10 per cent?—A. I have tried to explain that to you.

Q. Where and when would he get the 10 per cent?—A. You might have acknowledged receipt of those Mr. Watson.

Hon. Mr. Cassels.—He says Mr. Gregory gave drafts for the full amount and then witness sent him a cheque?—A. Not in all cases your lordship, only in those two cases I did.

Q. In those two cases?—A. Where I did not do that Mr. Gregory deducted the 10 per cent before he gave me the draft.

By Mr. Watson:

Q. What did he deduct it from?—A. From the account. I told you he paid me the amount on the account rendered.

Q. He deducted it from the amount he received from the department, is that right?

Hon. Mr. CASSELS.—What he says is this: His account was certified at so much, say $1,000, Mr. Gregory gave him $900 having deducted the ten per cent of $100. In two cases that did not happen, Mr. Gregory gave him the full amount and the witness handed him cheques for the 10 per cent.

By Mr. Watson:

Q. I see. He gave you a note or draft for 10 per cent less than the amount of the account?—A. Exactly, that is it.

Q. That is it?—A. Now you have got it.

Q. I see?—A. That is the way it was. That is what I have said, sir.

Q. So that in that way the 10 per cent was accounted for?—A. Exactly.

Q. Then the drafts, some of those were at a month, some at two months, and some at three months?—A. You have got the drafts there.

Q. Yes. Ten per cent on a draft or promissory note at a month would be a pretty large percentage by the year, would it not?—A. I think I told you this morning the amount he withheld was 10 per cent. Mr. Gregory withheld that to guard himself.

Q. I want to know why to guard himself?—A. Have you never heard tell of an account—

Q. Just answer the question, please. Never mind what I heard tell of.—A. I don't know.

Q. You don't know?—A. No.

Q. Then the ten per cent was a large amount to deduct, was it not?—A. I don't think so.

Q. You don't think so?—A. No.

Q. And you were quite prepared to give the ten per cent off?—A. For that time, for the time being.

Q. And you sold the goods, I suppose, at retail prices?—A. At retail prices.

Q. You said this morning, I think, the prices were not fixed?—A. You think so?

Q. Did you?—A. I don't know.

Q. You don't know?—A. No, I don't remember.

Q. I see, you don't know.—A. You probably have—

Hon. Mr. CASSELS.—Witness, do not argue with Mr. Watson, answer the questions.

WITNESS.—Your lordship, Mr. Watson contradicts me on everything I say. He does not seem to think I know what I say.

Hon. Mr. CASSELS.—He does not intend to contradict you.

By Mr. Watson:

Q. I am asking you a plain simple question for a business man to answer. Were the prices fixed with you?—A. I don't understand that question, were the prices fixed with me, what do you mean by that?

Q. You do not understand that?—A. No, I don't know.

Q. Then you are perfectly hopeless. You may go.

By Hon. Mr. Cassels.:

Q. One moment. As I understand, what you said is this: After your work was done you had the account certified?—A. Yes, sir.

Q. Then you got an advance in all cases of ninety per cent from Mr. Gregory?—A. Yes.

Q. The balance in all cases but two, came to Mr. Gregory, he protected himself in that way?—A. Yes, sir.

Q. What I want to ask you is this. I notice in glancing through those drafts there are a great number of them not endorsed by Mr. Gregory, nor have you got the security of his name. Look at them and see.—A. Yes, I notice that.

Q. Can you account for that?—A. No, I don't think I can, except that I gave Mr. Gregory those notes and he gave me his cheques for the amount. You see, in all cases the notes were not put in at the bank at all, your lordship, Mr. Gregory in very many cases, gave me his cheque, and I gave him my promissory note.

Q. You gave him your note to secure him?—A. Exactly.

Q. And he would give you a cheque for the balance?—A. Yes.

Q. And hold your note as security with the power of attorney to receive the money?—A. Exactly.

Q. That will do.—A. All through?

Q. That will do.

Mr. WATSON.—I understand, my lord, that my learned friend, Senator Choquette, will not be here until to-morrow. I told him that he would be quite at liberty to cross-examine the witness further.

Hon. Mr. CASSELS.—Yes. I was just going to make the suggestion that Senator Choquette having been obliged to leave, it would be right to reserve the cross-examination, if he so desires.

Mr. WATSON.—That has been arranged, my lord.

CHARLES KOENIG sworn.

By Mr. Watson:

Q. Captain, you have attended here, and I received a message that you desire to be called?—A. No, sir.

Q. Did you not?—A. No, sir.

Q. Then I was misinformed by someone in the office.—A. No. The only letter I got was from Mr. Blanc to suspend me.

Q. I know, but I say I received a message this afternoon that you were in attendance and that you desired to say something?—A. Oh, yes.

Q. That is what I mean?—A. Oh, yes.

Q. You desired to be called so as to say something?—A. Yes.

Q. That is the message I received, that is the reason I called you. Now, you are at liberty to do so. How long have you been in the service, Captain?—A. Seventeen years and about four or five months. In 1891, June, I joined.

Q. And during the last four years you have been in what position?—A. I have been master of the steamer *Druid* and inspector of lights in the Quebec district and superintendent of buoys.

Q. I see. You have had three offices, practically?—A. Yes, sir.

Q. And you have an office here in the department?—A. Yes, sir.

Q. You are here in the department quite a considerable part of your time, I believe?—A. Yes, sir.

Q. More than half the time?—A. Well, I could not say that, but a good deal.

Q. Now then, evidence has been given that you were paid, that you received from Mr. Drolet or his book-keeper during the three years 1904-5, 1905-6 and 1906-7 the sum of $740?—A. No, sir.

Q. Did you receive anything?—A. Yes, sir.

Q. How much did you receive?—A. Well then this, I don't think I can swear to it, I don't remember exactly.

Q. About how much, Captain?—A. I received $65 to $70 one time and $40 another time, and another sum I don't know how much.

Q. You don't know how much it was?—A. No, I don't remember.

Q. Just three payments?—A. Just three payments I received.

Q. From him?—A. Yes.

Q. When was the first one?—A. I couldn't say the years, it was in 1904, I think, I think there were two from Mr. Audibert.

Q. That is the book-keeper?—A. Yes, sir.

Q. Where did you receive them?—A. One of them he came down to the office and handed me a roll of paper.

Q. A roll of what?—A. A roll of money.

Q. That was the first time?—A. No, this was the second time I think.

Q. I want the first time?—A. I say it was in the office as well the first time.

Q. That is in your office or his office?—A. In my office, in the departmental office.

Q. Then he gave you what you have spoken of $65?—A. $65 to $70.

Q. That is the first time. What did he say when he gave it to you?—A. He told me it was a present from Mr. Drolet.

Q. Yes. What did you say?—A. I said nothing.

Q. You said nothing?—A. No.

Q. Did you take it?—A. I took it.

Q. And said nothing?—A. Said nothing.

Q. Had they been doing some work for you shortly before that?—A. No, not that I remember, but they are doing quite a lot of work all the time.

Q. And you had to certify to the accounts?—A. After it was certified by engineers. Never before, because I am not an engineer.

Q. So the engineer certified to it first and then you certified it?—A. Yes.

Q. Did the engineer's certificate cover everything, or was something left for you?—A. No, sir, it covers everything, because it is machinery work, it is all ironwork.

Q. I see. And that is what occurred with regard to the $65?—A. Yes, sir.

Q. Then at that time you were in the employment of the department?—A. Yes, sir.

Q. Getting a salary?—A. Yes, sir.

Q. About how much?—A. I was getting then $1,800 a year.

Q. Did you make any report with regard to the $65?—A. No sir.

Q. No report to anybody about it?—A. No, sir.

Q. I see. And then how long after was the next occasion?—A. I don't remember that. Not very long, I think it was in the same winter.

Q. More work?—A. There is always work going on all through the year.

Q. And he gave you then about how much?—A. I think he gave me $40 to $45.

Q. $45?—A. I think about that.

Q. And just in the same way?—A. About the same way.

Q. Did you say anything?—A. No, I didn't say anything.

Q. You just took it as a present?—A. I took it as a present for services rendered to Drolet.

Q. For services rendered by you?—A. Yes, by me to Drolet.

Q. And the next sum??—A. No, the first was before that, before the $70.

Q. Yes, I know. That was for services?—A. I presume it was for that.

Q. You presume it was for services?—A. Yes.

Q. And the second one the same way?—A. Yes, all of them.

Q. And the third one, where was that?—A. You asked me for the third one, I told you $45.

Q. What was the second one?—A. $65.

Q. The first one was $65 to $70?—A. No, I beg your pardon. The first one I don't remember, I cannot tell you exactly, I don't remember at all.

Q. That might have been $500?—A. No, there was no $500.

Q. $400 or $500?—A. No.

Q. How much?—A. I suppose it must be $50 or so. I don't know, I can't swear to that.

Q. You cannot swear to that amount?—A. No, sir.

Q. I see. Just on those three occasions. And you think it was not as much as $740?—A. No, sir.

Q. But you won't say how much it was, you are not able to?—A. No. I think it will be—I don't know—I can't swear positively.

Q. You cannot say it was not that?—A. I cannot swear positively.

Q. And what services did you perform that entitled you to that amount?—A. Well, I have been now nearly, as I told you, seventeen years in this employment. Drolet, when I first began here, and later on as well, has asked me to try and get work for him.

Q. Work for him?—A. For him from outside parties. Lots of sea captains I know here, and he has asked me that several times, as well as Mr. Audibert.

Q. Yes.—A. Now, on other occasions I have helped him to transfer boilers from the wharf to barges because they had no crane, no apparatus to do it. Lately, again, I have saved what Mr. Audibert said himself publicly on the wharf, I saved for the firm about $2,000.

Q. How?—A. By saving a winch and windlass which they had on the scow, and the scow was filling, and without instructions, without any orders, because I hadn't time to have orders from my superiors, I went and I saved it.

Q. Yes. When did you do that work?—A. That was last spring.

Q. Last spring?—A. Yes, sir.

Q. But you got money before that?—A. Yes, but I will tell you on many occasions I have rendered such services.

Q. Anything else?—A. No sir, not outside of that.

Q. I see. Then from whom else did you receive money?—A. I received money from Mr. Coté.

Q. How much?—A. $140.

Q. $140 from him?—A. Yes, sir.

Q. When was that?—A. That was in 1904, I got $40 before I went across to England with the ship.

Q. He gave you that?—A. Himself.

Q. What did he say?—A. I asked him to borrow it, I hadn't money, and I had a loan of $40.

Q. You asked him to borrow?—A. To lend me $40

Q. What did he say when he gave you the hundred? I thought you said $140?—A. Well, he didn't give me, he gave me in two payments.

Q. What was the first payment?—A. It was $40.

Q. You say you borrowed that from him?—A. Yes, sir.

Q. And when was the next payment?—A. $100.

Q. What took place then?—A. What do you mean by took place?

Q. What was said?—A. He give it to me and told me it was as a present.

Q. Told you it was a present?—A. Yes sir.

Q. Why would he give you a present?—A. Well, that I suppose because I was an officer of the department.

Q. I see, because you were an officer of the department. And you got it from Mr. Drolet because you were an officer of the department?—A. Yes, and I rendered services, he has asked for services and I rendered it long ago.

Q. And from whom else did you get money?—A. I didn't get money from anybody else.

Q. Not from anybody else?—A. That I remember of.

Q. Try and think?—A. I have been here eighteen years, it is a long time.

Q. Yes. Try and think if you got any from anybody else?—A. I don't remember.

Q. From Mr. Davie?—A. No, sir.

Q. Davie & Son?—A. No, sir. I borrowed some money from Mr. Davie.

Q. What?—A. I borrowed some money from Mr. Davie, and I pail it back right away.

Q. What?—A. On the same day or the next day.

Q. You paid it back?—A. Yes, sir.

Q. Here is a cheque that has been handed to me since Mr. Davie was in the witness box and at the same time the statement was made to me that the amount of the cheque had been given to you. I will give you particulars of it. September 18, 1906, $50. Did you get that?—A. I got some money from Mr. Davie that I borrowed for my crew.

Q. Did you get that $50?—A. I suppose it must be then, $50.

Q. Did he ever ask you for it again?—A. I paid it back.

Q. Paid it back?—A. I paid this money back.

Q. When did you pay it back?—A. I don't know. The same day or next day.

Q. The same day or next day?—A. Yes. I know I didn't keep it long.

Q. You did not keep it long?—A. Yes, sir. It was in a hurry I got this money.

Q. Here is another cheque handed to me in the same way, representing another payment, so I am told. Mr. Davie may have to appear again. $42 or something, that looks more like a wages cheque, $42.15, did you get that?—A. I got it.

Q. You got it?—A. Yes.

Q. How did you get that?—A. This was given to me as it is now for to take down to the river to a man there who was working for the men on board their schooner. The schooner got burned down there and I took this money down to them, and when I got down there the man said it was no use taking any cheques, he wanted the money, and I told him, 'I will give you the money,' and he gave me the cheque.

Q. And what did you give him?—A. I gave him money, cash.

Q. For the cheque?—A. For the cheque.

Q. You did?—A. Yes, sir.

Q. What was the man's name?—A. I don't know that man. It must have been——

Q. This cheque is made payable to Desire Vezina, or bearer. Was that the name of the man?—A. I believe so.

Q. So you say you applied that?—A. What do you mean by applied that?

Q. Paid that to him?—A. It was not given to him at all. I was going down the river and Mr. Davie said, 'You take this cheque down to my man who wants some money,' and I took the cheque down to him, and when I got down there Vezina was anchored out in the river and he could not cash any cheque, so he asked me if I was in the way to give him some money, so I did give him money for the worth of the cheque. I came back to Quebec and of course endorsed it to get the money.

Q. Where did you get the money from?—A. I cannot tell you I go to several places.

Q. Did you see Mr. Davie about it afterwards?—A. No, I didn't see him because I made his errand like.

Q. That is your statement?—A. Yes.

(Two cheques marked Exhibit 178a and 178b.)

Q. And the other $50 you say you paid back to him?—A. Yes. This was for wages I could positively swear to, I think it was for wages for my crew.

Q. Do you feel reasonably sure about that?—A. Yes, quite sure.

Q. I will call Mr. Davie. They were given to me, just as I stated, by the counsel or solicitor for Mr. Davie. You think Mr. Davie's recollection would not differ from yours about that?—A. I don't know. I know I got some money from Mr. Davie for my crew.

Q. I see. Did you get money often from him?—A. Yes, I got—well, I have been doing business for a long time.

Q. For a long time?—A. For a long time, yes.

Q. And sometimes they made you a present?—A. No, never.

Q. Eh?—A. No, never.

Q. Did anybody else make you presents?—A. No.

Q. Is there a custom of that kind?—A. Yes, it is a custom, it has always been a custom.

Q. A custom to give and to receive presents?—A. Yes, sir, to ship masters and engineers.

Q. And you followed that custom?—A. Well, not always.

Q. Not always?—A. Not always, no.

Q. Just sometimes when money was offered?—A. I would not ask for it.

Q. When it was offered to you you would take it?—A. Yes, sir. As Mr. Cote offered it to me a long time after all the bills were all satisfied I accepted it.

Q. You accepted it, I see. And is there anything else you have to say, Captain? —A. Well, I wish to say that I have been all over the world as shipmaster for the last thirty-seven years, and I have the same thing in England, United States. Even in China I had some, a little something when you are doing business with people.

Q. You have been used to getting presents?—A. If I knew I was doing a crime to the government I would never have taken it. I was not informed of that, I was told of it.

Q. Not told of it?—A. No.

Q. But you did not tell anybody you were getting any?—A. Oh, no.

Q. That is all I have to ask you, Captain.

By Hon. Mr. Cassels:

Q. One moment, Captain, was that $40 Mr. Cote gave you paid back to him?—A. To whom?

Q. To Mr. Cote?—A. No, sir. When I saw he was so generous to give me $100 I didn't offer to pay back the $40.

Q. As I understand you, the $40 was given to you before the $100?—A. It was.

Q. You said you got it as a loan?—A. It was lent to me. I asked for it. I was short of money and going over to England.

Q. That was before you got the $100?—A. Yes, sir.

Q. You got it from him as a loan?—A. Yes sir.

Q. Within what length of time was that money to be repaid?—A. Well, there was nothing specified about repaying, the length of time to be repaid.

Q. What length of time elapsed between his lending you that $40 and giving you the $100?—A. Well, I went over for a ship. I arrived in Quebec in December, I went over in September. This was during the winter, your lordship, I don't remember.

Q. And thinking him so generous, you thought you would not insult him by offering to repay the loan?—A. When he gave me $100.

Q. That is the way you put it?—A. Yes.

Q. You thought it would be an insult to him to offer him back a debt?—A. When he was so generous.

Q. Now then, dealing with Mr. Drolet. As I understand it, you claim to have done certain work, helping him?—A. Yes, sir.

Q. What class of work was it?—A. He has asked me several times.

Q. Did you use government machinery or apparatus to do that work?—A. Yes, I did.

Q. Did you employ government material or any government men to do that work?—A. No material, but the men were there lying around doing nothing.

Q. Government property?—A. Government property, sir.

Q. You were at that time a government employee?—A. Yes, sir.

Q. And at that time having a certain check upon the work that was being done by Mr. Drolet?—A. I beg your pardon?

Q. You would have a check on the work being done by him?—A. No.

By Mr. Watson:

Q. Superintendence over him?—A. No. This was always superintended by the engineers.

By Hon. Mr. Cassels:

Q. But you were there in the department?—A. Yes, sir.

Q What were your duties in the department?—A. I was master of the ships.

Q. What else?—A. I was lighthouse inspector.

Q. Inspector of what?—A. Inspector of lights in the Quebec district and looking after all the buoys.

Q. Had you anything to do with the looking after or checking the work done by Mr. Drolet?—A. No, not necessarily, not exactly.

Q. Well, I want to know whether direct or indirect?—A. No sir. All the work was under the supervision of our engineers.

Q. Where was the work done?—A. In the engineroom.

Q. At the head office where you were?—A. No sir. Mostly out in the ship or on board ships.

Q. I would like to know whether you had anything whatever to do or any check of any kind over the work being done by Mr. Drolet?—A. Well, if anything had been reported from the engineer as being wrong, not the value of the money that they were charged for, of course I would check it. I have checked his bills many times.

Q. His bills would come to you to be checked, and did you certify to them?—A. No, sir. They come first—I will call to the engineer because I was not there to superintend the work.

Q. I understand that. Did you certify to the work being done?—A. After it was certified by the engineer.

Q. So the work Drolet was performing for the department was certified by you as being correct?—A. After.

Q. As being correct?—A. Yes.

Q. And you say in addition to that you did outside work for him while you were in the employ of the government, utilizing government machinery?—A. Well, we are obliged to do that to help.

Q. I want to get the facts.—A. We are obliged to do that. They had no crane to lift any heavy machinery.

Q. You thought these payments were a free gift to you on account of your kindness to him?—A. Yes, services rendered to him.

Q. Well, why did you not pay it to the government if it was for services done by you with government machinery, why think of putting it in your own pocket and not letting the government get the benefit of it?—A. I never thought of it.

Q. That is the way it strikes me. However, you cannot explain that?—A. Yes.

Q. I suppose if you had known as much as you know now, you would have handed it over to the government?—A. If I knew it was a crime as now, I would have handed it over to the government.

Q. I did not say it was a crime. If you had had your moral sense awakened you would have handed it over to the government. That is what it comes to?—A. Yes.

Q. That will do.

Mr. Gale.—Your lordship, before I leave the court, can I have my books?

Hon. Mr. Cassels.—Mr. Watson.

Mr. Watson.—I will just see about it, my lord.

Purvis Ritchie sworn.

By Mr. Watson:

Q. Mr. Ritchie, what is your business?—A. Merchant, sir.

Q. A merchant in what line?—A. Contractors' supplies.

Q. What?—A. Contractors' supplies.

Q. Contractors' supplies, what kind of supplies?—A. Cements, packings.

Q. What?—A. Cements, ropes and lumber.

Q. Cements, ropes and lumber?—A. Yes sir.

Q. I see. And you are a lumber dealer?—A. That is what I said, sir.

Q. How long have you been in business?—A. Two years, sir.

Q. How long?—A. Two years.

Q. Not before that?—A. No sir.

Q. What were you doing before that?—A. Working.

Q. Yes. For whom?—A. For the Mechanics' Supply Company.

Q. I see. And you have had quite considerable dealings with the department, have you not, the Department of Marine and Fisheries?—A. Yes.

Q. What have you sold to the department?—A. The goods that I named a moment ago.

Q. How did you get the orders?—A. I got the orders because I was on the patronage list.

Q. From whom did you receive the orders ?—A. From the Department of Marine and Fisheries.

Q. From whom there?—A. By different parties from different parties.

Q. Who were they ?—A. Mr. Schmidt.

Q. Mr. Schmidt ?—A. Mr. Gregory, Mr. Gagne, Mr. Fraser and about a dozen others.

Q. About a dozen others?—A. Yes.

Q. You seem to have a lot of friends, which Mr. Fraser ?—A. Mr. Fraser—I don't know his christian name.

Q. Mr. Fraser of Ottawa?—A. Yes sir.

By Hon. Mr. Cassels:

Q. Had you anything to do with the building of those lighthouses ?—A. I frankly could not say.

By Mr. Watson:

Q. You could not say. And were these orders given you verbally?—A. No sir.

Q. How ?—A. Given me in writing.

Q. Have you got them?—A. I have the orders.

Q. Have you got them here ?—A. No, I have not got the orders. We never have the orders of the Department of Marine and Fisheries.

Q. Why ?—A. Because they are always returned as vouchers.

Q. Always returned as vouchers?—A. Yes sir.

Q. Then did you get any verbal orders ?—A. Yes, sir.

Q. From whom ?—A. From Mr. Longtin, for instance.

Q. Did you get any from Mr. Gregory?—A. Not that I am aware of, not that I can remember.

Q. None at all from him eh?—A. That is what I said, not that I remember, sir.

Q. And what was the total amount during the two years ?—A. $7,000 or $8,000.

Q. Have you the entries in the books?—A. Yes sir. (Producing.)

Q. Just show them please. Have you got more than one file ?—A. Yes, sir.

Q. That applies to what class of goods?—A. That is general line supplies, principally cement and wire rope.

Q. Yes, cement and wire rope. And this is for what ?—A. At the top of the page sir, lumber.

Q. I see. And then I see the cement and wire rope—the accounts are not added up here?—A. It is not.

Q. There is about $4,000 in that, roundly speaking?—A. Roughly speaking, yes.

Q. And the other one is added up here I think?—A. Yes, sir, right there (indicating).

Q. Is this the one?—A. Yes sir.

Q. $5,696?—A. Yes sir.

Q. About $9,500 altogether during the two years?—A. Yes sir.

Q. Did you sell them at retail prices?—A. Usually.

Q. Usually at retail prices. Sometimes higher than ordinary retail?—A. Sometimes less.

Q. And sometimes higher?—A. Sometimes.

Q. Sometimes?—A. Because there is more trouble in getting them.

Q. And about what profit woul dyou have ?—A. Ten per cent.

Q. Ten per cent. It is not very much?—A. No.

Q. No competition ?—A. Yes.

Q. In getting these orders ?—A. Yes.

Q. Yes?—A. Yes.

Q. Tenders ?—A. Very often tenders, sir.

Q. How often?—A. Probably 30 per cent.

Q. Then the tender system seems to have prevailed sometimes ?—A. Not exactly the tender system, but I have been phoned for figures, quotations which I have given Mr. Gregory, and then he has refused me on account of my prices being too high he claimed. I have inquired for further orders and he has informed me the orders were placed elsewhere.

Q. Then did you put any drafts sometimes on Mr. Gregory ?—A. I haven't got these details.

Q. You have not got the details with you. But it is only a couple of years back. Did you put any drafts sometimes on him ?—A. I think on one occasion.

Q. Yes. Did you get moneys from him?—A. On one occasion $100.

Q. Where are the details ?—A. I can give you the details right there now.

Q. Can you ?—A. Yes, sir.

Q. The details of any other occasions ?—A. Yes, one on August 13.

Q. How much was it ?—A. $476.80.

Q. Yes, August 13. What year ?—A. 1907.

Q. And what others ?—A. That is the only one, sir.

Q. The only one?—A. To my knowledge, yes.

Q. To your knowledge I see. Have you got any other books showing any other entries?—A. No, sir.

Q. Did your bank book show ?—A. No, sir.

Q. How did you get the money ?—A. I got the note cashed.

Q. You got the note cashed, was that the usual way ?—A. No. I did in this particular instance.

Q. But in other instances ?—A. In what other instances ?

Q. In other instances have you delivered the goods ?—A. In other instances the cheques were paid to me.

Q. The cheques were paid to you ?—A. By the department.

Q. Received from the department ?—A. Received from the department.

Q. From whom ?—A. From their man that delivers cheques in the city.

Q. Then did Mr. Gregory have a power of attorney from you ?—A. Yes, sir.

Q. For what ?—A. For this amount.

Q. For that amount ?—A. Yes, sir.

Q. What use was he to make of the power of attorney?—A. To enable me to get my money sooner instead of waiting six months for my money.

Q. Yes. Did you wait six months for the money ?—A. I have on several occasions.

Q. What is the average length of time that you waited?—A. Oh, 60, 90, 100 days.

Q. Sometimes less ?—A. Not to my knowledge.

Q. Then in how many instances was the power of attorney used, do you know ?—A. Roughly speaking I couldn't tell you.

Q. Roughly speaking, you could not tell?—A. No.

Q. Perhaps a dozen, twenty?—A. Probably, probably less.

Q. Probably the power of attorney was used in a dozen instances ?—A. Or probably less.

Q. Or twenty or probably less ?—A. I told you I don't remember.

Q. So when cheques would come from the department under the power of attorney, he would endorse them ?—A. Most assuredly, that is customary.

Q. Endorse them in your name, and get them cashed, is that right ?—A. It is usually customary when a man has a power of attorney to do so.

Q. And that is the way it was done in your case, is it ?—A. As far as I remember it is.

Q. So that the cheques that came from the department were received by him and then cashed by him. Then what did he do with the cash ?—A. It was turned over to me.

Q. Less how much ?—A. Less nothing.

Q. How much did you pay?—A. Less nothing.

Q. Did you ever pay anything ?—A. No.

Q. You never did ?—A. Except the once I referred you to, out of an amount of $500 I paid 5 per cent.

Q. 5 per cent?—A. Yes. It was not any commission, it was interest on money.

Q. How much money did you pay him on that ?—A. Roughly speaking, about $25.

Q. $25 on the $500 account?—A. On the $500 account. It was not exactly $500, but in the vicinity.

Q. And do you know when he got the money ?—A. I couldn't say that.

Q. You paid that so as to avoid waiting the 60 or 90 days or so, that is right, is it ?—A. Yes.

Q. Eh ?—A. Yes, sir.

Q. Then why in other cases did he use the power of attorney ?—A. To enable me to get my money.

Q. To enable you to get it sooner, I don't quite follow you. I see, so that in the other cases as well he would advance money to you?—A. Yes.

Q. That was the practice in all cases?—A. In some others I said.

Q. In some others he would advance money to you. And when would he advance the money to you, when you sent in the account?—A. Several days after the account would be in.

Q. And how much did you pay him on this?—A. Nothing.

Q. Why not?—A. Because I was never asked.

Q. You were never asked, I see. Have you got any record showing what payments were made?—A. Yes. The payments were made right here.

Q. The payments made to Mr. Gregory?—A. No.

Q. Any record of that?—A. No.

Q. No memorandum of that?—A. No, sir.

Q. Have you any record showing how many times he cashed the accounts?—A. No.

Q. No record of that either?—A. No.

Q. Can you find out from anything that is in your books?—A. No.

Q. As a matter of recollection can you tell?—A. I told you probably 30 per cent of the times.

Q. Probably 30 per cent of the times he advanced the amount of the account to you?—A. Yes sir.

Q. That is what you meant by the 30 per cent, was it?—A. I said 30 per cent of the times the invoices were rendered I was paid by Mr. Gregory.

Q. I see.—A. Not 30 per cent on the amount by any means.

Q. Oh, it is about one-third?—A. One-third of what?

Q. One-third of the occasions?—A. Of the occasions?

Q. Yes.—A. Yes.

Q. And he did not ask you for anything?—A. No sir.

Q. And what is the amount of the cheques that he got from the department?—A. ney vary.

Q. But did you know at the time?—A. I knew what my invoice was. I knew nat I was paid.

Q. Paid by him?—A. Paid by him.

Q. I see. Did he certify to your accounts?—A. In certain cases, yes. He objected several others.

Q. And then they were sent up?—A. Sent up where?

Q. To Ottawa, I suppose?—A. Not when they were objected to.

Q. But they were sent up afterwards, they were certified?—A. Not any account at was objected to was ever certified.

Q. Then it was not certified at all, utterly rejected was it?—A. Yes.

Q. The goods came back on your hands?—A. No.

Q. It was finally certified then?—A. No, a new account had to be made out.

Q. Then the account was certified?—A. The account eventually was certified as rrect.

Q. Was that because you charged too much?—A. Probably so.

Q. Did Mr. Odell have anything to do with your business?—A. In which respect?

Q. Any respect?—A. Well, he did in certain ways, but not particularly in connec- on with the Marine and Fisheries.

Q. Then in what respect did he have to do with it?—A. He had office room.

Q. Yes. What else in respect to the business?—A. That is all.

Q. Eh?—A. That is all.

Q. But in respect to the Marine and Fisheries Department?—A. I got my own ders.

Q. Eh?—A. He had nothing to do with them, I got mine.

Q. Through him?—A. No, not through him, myself.

Q. With his assistance?—A. Probably his assistance to a certain extent.

Q. I see, probably with his assistance to a certain extent you got orders. And w much did you pay him out of it?—A. That depends.

Q. I see, that depends. I suppose it does. It depends on what?—A. What there as in it.

Q. How much was in it. You divided up in a way?—A. Not necessarily.

Q. It depended on how much was in it. And how did you fix the proportions ss up?—A. I don't just catch what you mean.

Q. Well, you see, I asked you how much he got out of it and you said that pends.—A. He got a salary out of it, that is all he got.

Q. Eh?—A. He got a salary out of it, that is all he got, equal to salary.

Q. What do you say then, that his salary depended on how much you made?—A. ot exactly. He was working at other work outside of the Marine and Fisheries tirely.

Q. Yes. Then what did it depend upon, how much he got?—A. What business as done.

Q. With the department?—A. Not with the department; in general.

Q. I see, in general?—A. Yes.

Q. So his salary depended on the business? A. Most assuredly .

Q. I call that a great deal like a partnership?—A. To a certain extent.

Q. He was your partner?—A. Indirectly.

Q. Well, that is a nice way to have a partner indirectly. What share of the ofits did he get?—A. He didn't get any share of the profits.

Q. No.—A. No.

Q. But the most of his salary depended on the profits?—A. The business he d, yes.

Q. What did he get on the business he did?—A. What did he get? On which siness he did?

Q. On the business he did for you—A. He got a certain percentage.
Q. What was it?—A. Probably five per cent, probably three per cent.
Q. And probably?—A. Less.
Q. And probably more?—A. Not more than five per cent.
Q. Not more than five?—A. No.
Q. So that he got five per cent on these orders?—A. No, he did not get five per cent on these orders.
Q. How much did he get on the orders?—A. On the orders he got.
Q. I see. And he got all these orders?—A. No, he did not get all these orders.
Q. The Marine orders?—A. No, he did not.
Q. What proportion of the orders did you pay him on?—A. I got orders from the Marine and Fisheries before I ever knew Mr. Odell.
Q. Yes. But during the two years—has he been with you that time?—A. No sir.
Q. What proportion of the time?—A. This last fall.
Q. Then since last fall he has got his commission?—A. Yes.
Q. On orders, that is right, is it?—A. Yes.

By Hon. Mr. Cassels:

Q. What do you mean by last fall?—A. A year ago, your lordship.

By Mr. Watson:

Q. That is for a year past he has got his commission of five per cent on the orders?—A. Well, from about probably last December.
Q. I see.—A. But if you will note there are very few orders after that.
Q. Yes. And did anybody else get commission?—A. None.
Q. Had you anything to do with any officials?—A. None.
Q. No communications with any of them?—A. In what respect?
Q. Business respects, of course.—A. I had certain communications with certain officials, yes. Would you care to see that?
Q. Those are written communications?—A. Yes sir.
Q. Letters?—A. Yes.
Q. And verbal communications with them directly?—A. A. No, sir.
Q. Not at all?—A. No.
Q. Not with any of them?—A. No.
Q. You never came in contact with them?—A. No, not excepting the ones I mentioned to you.
Q. Eh?—A. With the exception of the ones I mentioned to you a while ago.
Q. Then whom did you come in contact with most?—A. Well, I didn't come in contact with any of them very much.
Q. Which one most?—A. A. Well, most assuredly the agent in the city.
Q. What is his name?—A. Mr. Gregory.
Q. Oh, Mr. Gregory the most. And who next?—A. Mr. Longtin.
Q. And did any of them inspect your goods to your knowledge?—A. I understand it is customary when anybody buys anything to do so.
Q. To do what?—A. To inspect the goods.
Q. You understand that is customary?—A. Yes.
Q. But I asked you another question?—A. I don't know.
Q. Did any of them inspect your goods to your knowledge?—A. I don't know.
Q. Do you know of anyone else than Mr. Gregory certifying to your accounts?—A. I don't know anything about who certified the accounts.
Q. You don't know?—A. No.
Q. No knowledge about it at all?—A. None whatever.

By Hon. Mr. Cassels:

Q. Have you any account in your books which would show the date or dates when your accounts were rendered and approved and the corresponding dates when you received the money?—A. No sir.

Q. Can you trace that in your books. For instance, supposing you had done work for say $2,000 your account would be sent in?—A. Yes sir.

Q. It would be checked?—A. I suppose so.

Q. And if satisfactory would be certified?—A. Yes sir.

Q. And you would become entitled to the money?—A. Yes sir.

Q. Have you anything to show when after these dates you received the money for that account and what amount you received?—A. Well, do you mean if the money was advanced or if I waited its course from Ottawa?

Q. I mean what I say. I would like to know, if I can know it. You sent in certain accounts to the department?—A. Yes sir.

Q. Those accounts were certified?—A. Yes.

Q. I want to know from your books when those accounts were paid and by whom and what amount was paid?—A. The amounts appear in the ledger as paid.

Q. Do they correspond with the amounts of the accounts as rendered?—A. Yes, they correspond in all cases with the exception of one.

Q. That you say appears from the book?—A. That appears from the ledger.

Q. Then in those cases you would not get any advances from anybody?—A. I got an advance.

Q. From whom?—A. From Mr. Gregory.

Q. Well, what entitled you to that advance, what did you give for it?—A. Nothing. I asked him personally for it.

Q. After the account was certified?—A. After the account was properly rendered and certified.

Q. However, the book will show that?—A. Yes.

By Mr. Watson:

Q. Did you ask him, or did Mr. Odell ask him?—A. I asked him, sir.

Q. Mr. Odell knew of it, I suppose?—A. Not then.

Q. Afterwards?—A. Probably afterwards when he came with me.

Q. After he came with you, then he knew about the course pursued?—A. He naturally would.

(Account book of witness with the department and others marked Exhibit 179.)

(Bank book of witness marked Exhibit 180.)

Hon. Mr. Cassels.—We will adjourn to the morning, Mr. Watson.

Mr. Watson.—Yes. I will send word to you if I require you, Mr. Ritchie, again.

(Adjourned at 6.50 p.m. to 10 a.m. tomorrow morning, November 12, 1908.)

Quebec, November 12, 1908.

Commission resumed at 10.30 a.m.

Mr. Watson.—My lord, I have been informed that Mr. Archer has been suffering from some illness and is not very well, and he is anxious not to be detained here any longer than is necessary. I wanted to pursue a little other system this morning, but of course we will accommodate ourselves to his wish under the circumstances. I wish, however, to precede his evidence by referring your lordship to the notice in writing which was sent by the acting agent here of the department, under the direction of the minister, to the officials to whom reference has been made in some of the evidence, and I desire to put upon record a copy of the notice, and in addition to state to your lordship in their presence if they are here, or in the presence of counsel, if the parties are represented, that my learned friend and I will be very glad, after Mr. Archer's evidence is given, if those parties will come forward, if they wish to be heard and to make any statement before your lordship in regard to the matters in question. We will be glad if they will take the opportunity to do so as soon as Mr. Archer's evidence is closed. It will be a matter of convenience to us in the system we have arranged in order to expedite the proceedings. Of course, if it is not convenient for

them, we will hear them to-morrow or next day, but we would much prefer that their evidence should be given this morning if they desire to offer evidence.

(Notice marked Exhibit 181.)

JOSEPH ARCHER, recalled.

By Mr. Watson :

Q. I think, Mr. Archer, it has perhaps already been made to appear that you had pretty large transactions with the department during the preceding years ?—A. Yes, but not so much as stated in the first offset, the $131,000. I didn't do any such business with the department at Quebec. The balance was by a contract for Sorel, which has nothing to do with this department. I had no communications direct or indirect with them.

Q. I understand the total amount is $131,987. I suppose that is the amount, because I got these figures from the department at Ottawa. That is probably correct including the Sorel contract ?—A. Yes. I think my clerk must have given you a statement of how much we sold.

Q. That is about correct ?—A. Yes.

Q. And you are in business and a dealer in lumber ?—A. And coal.

Q. Lumber and coal ?—A. Yes.

Q. In these two classes of goods you have dealt with the department ?—A. Dealt with the department, yes.

Q. And so far as the dealings at Ottawa are concerned I assume that those have been through Mr. Gregory, the agent ?—A. Not the Sorel contract.

Q. No, at Quebec ?—A. Not through Mr. Gregory direct. I made a good deal of my business with the late Mr. Prefontaine. He bought directly from me when in Quebec here, coal.

Q. That is for coal ?—A. Yes.

Q. Then are you a wholesale dealer as well as retail ?—A. I am a retail dealer.

Q. A retail dealer ?—A. Yes.

Q. Not wholesale ?—A. But of course if you wanted to buy ten cargoes of coal, if I had it I would sell it to you; but I sell in my business as retail solely.

Q. I see, retail solely. And the prices at which you have sold lumber and coal to the department have been wholesale or retail ?—A. Well, sometimes ten, sometimes fifty and sometimes 3,000 tons, and other times a thousand tons.

Q. Yes; but what I am refering to, Mr. Archer, is the prices at which you sold. The prices at which you sold have been retail or wholesale prices ?—A. When I sold by the cargo it was wholesale prices, when I sold by the fifty or twenty, or a hundred tons it was retail prices.

Q. And, to get a little nearer to it, practically the whole of your sales have been retail, I understand ?—A. No, not the whole of my sales. I tell you distinctly I sold about seven tons to the late Mr. Préfontaine at wholesale prices. That is to the best of my belief, wholesale prices.

Q. And apart from that the sales have been at retail prices ?—A. Have been at retail prices with the cartage.

Q. I see.—A. With cartage.

Q. So you say that the former minister at one time made a purchase from you at wholesale prices ?—A. Yes, by the cargo.

Q. And apart from that particular transaction all the sales have been at retail prices ?—A. At retail prices.

Q. Why were not wholesale prices followed ?—A. How could we sell you fifty tons of coal at the same price as we would sell you a thousand and cart it to the King's wharf ?—A. We have sold to the department to the best of my knowledge at the same prices we have sold to our customers in Quebec. Coal is like everything else. In the fall it is cheaper, in the spring of the year it rushes up a dollar a ton.

Q. But the quantities that have been required by the department, looking at your account, have been quite wholesale quantities?—A. Well——

Q. Very large quantities?—A. I don't know what you call large quantities. If you call a thousand tons of coal a large quantity, I don't think so.

Q. I see. So the comparison between an individual consumer resident of the city and the department purchasing such very large quantities would hardly apply, would it? That comparison would hardly be a proper business comparison?—A. Well, I think we had better try and understand each other.

Q. All right.—A. This is what I want to come at. If I sold Mr. Gregory a cargo of coal in a vessel and landed it on the King's wharf I had no further expense. It would make a vast difference to me if I had to cart that coal for Mr. Gregory and keep it there, it makes a great deal of difference.

Q. Oh yes.—A. And when I retail to other people fifty or a hundred tons at a time it depends on the market.

Q. Of course it is a matter of adding cartage to the prices?—A. The prices charged to Mr. Gregory—if you will allow me, I say under oath the prices were fair and honest prices.

Q. At retail?—A. At retail prices if it was fifty tons. We never sold Mr. Gregory a thousand tons, but according to my knowledge I think we landed it on the wharf by the vessel, but I am not positive of that, but it was sold to Mr. Prefontaine himself.

Q. So the prices have been in a word retail prices. And have you in some cases charged more than the ordinary retail prices?—A. I don't think so. Mr. Gregory when he wanted coal generally asked me to come down and inform him what my price was for the coal. Then he would take the telephone and telephone to several dealers, and then he would say, 'Now, would you take that same price as I can buy from other people?' I cannot remember all these things, I have not been well for some time, I have not meddled much in business for the last three or four years on account of the loss of my eye. I have left that to subordinates.

Q. Well, Mr. Archer, I will be quite content if you can just answer shortly, confining yourself to the question, then it won't worry you perhaps quite so much.—A. Yes. But you see——

Q. And it will help me as well.—A. Yes.

Q. Perhaps it would be more convenient to let us see the books? Have you got the books?—A. Well, my clerk is here I think. He would explain it better than me, because I don't see—I have only one eye, and I suppose I will lose the other soon.

Q. Then do you know of any cases where tenders in writing were asked for?—A. I remember in only one or two cases where Mr. Gregory asked me the price for hard coal. I don't know whether it was before 1900.

Q. You see, Mr. Archer, what I am asking is in regard to soliciting tenders in writing.—A. I am just answering, if you will allow me.

Q. Any verbal communications?—A. I think only one instance when Mr. Gregory wrote me a letter, I don't know whether it was before 1904 or not, wherein he asked a price for hard coal for the *Arctic*. I answered that letter and I got the order.

Q. That is one case?—A. That is one case I know of.

Q. That you remember of during the time?—A. Yes, that is the only case.

Q. That there was a tender asked for, I see. In other cases it was a matter of receiving a telephone communication from somebody calling upon you and asking you to supply a particular quantity, is that so?—A. Well, I have been down there, he asked me to come down, he wanted a hundred or two hundred tons of coal and he asked me the price. I told him, and he communicated with other coal merchants.

Q. Well, that is something that you do not know about, his communicating with others?—A. I was there when he was telephoning and asking the prices of coal, and I said, 'whatever the others give it to you at I am prepared to do the same, provided it is not at such a low figure that I cannot make a living.'

Q. I see, at such a price that you could not make a living. I suppose retail prices average 30 or 40 per cent, do they, above the cost prices?—A. Thirty or 40

per cent! I wish to goodness you would be willing to buy at 15 per cent profit, I will deal with you right off for any large amount. The competition is very keeen here.

Q. Fifteen per cent profit?—A. We are not making 10 per cent on soft coal to-day.

Q. That is at retail prices?—A. Retail prices.

Q. Then the wholesaler must have a hard time of it?—A. Well, pretty tough.

Q. I see. What are the wholesale profits selling by wholesale?—A. It depends upon circumstances.

Q. I suppose it depends upon the best bargain you can make?—A. It depends on the market. I have sold coal at $2 a ton profit, that was the year before last, because the Lake St. John ran out of coal and the other companies and I happened to be fortunate enough to be in the market.

Q. So it just depends on circumstances and conditions as to what you can reasonably get?—A. Yes.

Hon. Mr. CASSELS—The quickness of the turn over too.

Mr. WATSON—Yes.

Q. And of course you take advantage in a business way, you use the conditions as they exist?—A. If I were to tell you that I have sold 2,000 tons of coal at 15 cents a ton, I suppose you would doubt it very much. Coal is like flour, it rises and it goes down.

Q. Well now, in connection with those sales, you have met Mr. Gregory and other officials?—A. I met Mr. Gregory. I had no business with any other officials at all.

Q. Any other officials?—A. Nothing at all.

Q. Then did you put in drafts?—A. I put in drafts?

Q. Wait please until you hear all, Mr. Archer. Did you put in drafts on Mr. Gregory personally for the amount of any of the accounts?—A. Yes—I didn't put in any drafts——

Q. Just wait a minute, please. Let the book-keeper produce those, if there are any such. (Book-keeper produces drafts.)

Q. Let me see the book showing these. Have you personal knowledge about these drafts, are you familiar with the entries in the books?—A. Not very familiar, but I know all about the drafts.

Q. There is a draft here of the 8th of April, 1906?—A. Yes.

Q. No, I am mistaken about the date. June the 16th, 1906?—A. Yes.

Q. One month after date pay to the order of the Banque Nationale $7,000.—A. Yes.

Q. Drawn upon J. U. Gregory?—A. Yes.

Q. J. U. Gregory, and signed by your firm?—A. Yes.

Q. When you got this draft, what was done with it, Mr. Archer?—A. What is that?

Q. When you got this draft what was done with it?—A. I discounted it in the National Bank.

Q. You discounted it in the National Bank?—A. Yes.

Q. But you are a man, as I understand, of large financial resources?—A. Yes.

Q. Why did you put in a draft upon the agent of the Marine Department?—A. Well, the government owed me $24,000. I was not exactly a millionaire, but if Mr. Gregory had declined to give me those drafts, I could have done without Mr. Gregory, because I am under no obligations to Mr. Gregory at all any way. My financial position is quite sufficient. I could go to the bank and get the money, but as the government owed me money, and kept me ten months without it I thought it time to see about it, and the great object in getting Mr. Gregory was that I thought he would use his position in Ottawa to get me paid my money.

Q. Of course that he has to do in the ordinary course of the performance of his duty?—A. Probably he could do so, but I had a double motive in getting it. First of

all I wanted the money and secondly, if he could not have done it I could have done it myself.

Q. Yes, but if I follow you correctly you say that although you wanted the money—?—A. Yes.

Q. You could have gone to your bank and obtained the money in the ordinary course of business?—A. Yes, in the ordinary course of business.

Q. Now, Mr. Archer, I think you will agree with me that a draft in that way upon the agent of the department who was buying goods as agent?—A. Yes.

Q. Was quite an irregular transaction?—A. Well, I cannot see it in the same light. Every man tries to get what he can let it be agent or principal. If I wanted money I would go to Mr. Gregory if the government owed me money, but if the government hadn't owed me money I would not have gone to Mr. Gregory.

Q. Just wait a moment. You know very well, I assume that Mr. Gregory was acting only in his capactiy as agent?—A. In his private capacity, not in behalf of the government.

Q. Listen. But in making the purchases from you he was acting solely as agent?——A. He was acting solely as agent in making purchases from me, yes.

Q. So that the sales were not made to him, but made to the department?—A. To the department.

Q. To the department?—A. Yes.

Q. Then we have that well enough fixed?—A. Yes.

Q. Then that being so, Mr. Gregory was in no way personally answerable to you for payment of the debt?—A. Not at all, not in the least.

Q. Then why did you seek to make him personally answerable?—A. I didn't. I asked him to do so to oblige me, being an old friend of his to oblige me, and he did so, very readily ,and I think he could not very easily refuse me because he knew well enough he was perfectly safe because I gave him a transfer to collect my money when it came due.

Q. I see. Do you remember that that was placing the agent in what might be thought to be a very embarrasing position as between him and his employer?—A. Not at all.

Q. Not at all?—A. Not at all. I don't think it has anything to do with it at all.

Q. I suppose it goes without saying that you would not allow an employee in your service to do the same thing?—A. Not to———

Q. Is that so?—A. Wait a minute. You have asked me a question. I answer that an employee in my service can use his own personal money, if it is worth anything; but Mr. Gregory having a transfer from me in a kind of letter to draw the money, he was perfectly safe even if I was a pauper.

Q. I am not asking about his safety. I have no doubt he can protect himself?—A. I wish to explain.

Q. But what I want to know is, you intimated you thought this was a regular transaction. It is a personal transaction between Mr. Gregory and I. If I said otherwise I made a mistake.

Q. It was not a regular transaction?—A. It was not a regular business transaction, it was business between Mr. Gregory and I.

By Hon. Mr. Cassels:

Q. I understand he thought if he entered into this transaction with Mr. Gregory it would make Mr. Gregory more anxious to see the account paid?—A. Yes, that is it. and I think he did.

Q. I thought I heard you make that statement?—A. Yes, that is the statement I made, and I could have done without Mr. Gregory.

Q. That is quite right. You thought by entering into this transaction with Mr. Gregory it would incite him to greater haste in getting payment of the account?—A. And I think he did so, because it was only a month's draft.

Q. I understand.—A. And I was waiting—that is better than waiting ten months for your money.

Q. I wanted to understand your statement, that is all.—A. Yes.

Mr. WATSON.—You mean, as I understand, that you wanted to put a spur upon the agent to do his duty?—A. I don't know.

Q. To get the money in?—A. I don't know whether he would be doing his duty or not his duty. I think when the note came due in 30 days it was part of his business to try and get me back my money so I would not be obliged to renew the paper. They owed me the money for ten months, and I think it was a very liberal time.

Q. Did you write to the department about it?—A. Many times, I don't know how many, I couldn't tell you.

Q. And you were not able to get the money?—A. The money was exhausted or something or other, there was a little difficulty about it. The late Mr. Prefontaine came to the office of Mr. Gregory fortunately or unfortunately—I think it was fortunate I was there, because I sold the coal at a much higher figure afterwards, three months afterwards—and Mr. Prefontaine gave me an order to take 3,000 tons of coal for the different steamers, and poor Mr. Prefontaine, I didn't see him any more, and perhaps that was some of the cause I believe of the detention of my money.

Q. That accounts for the detention of your money?—A. I think so.

Q. And this draft represented the proceeds on that particular sale?—A. That represented $12,000 I think.

Q. $7,000?—A. Is not there another $5,000?

Q. I thought there was, I was told so.—A. Is there not?

The BOOK-KEEPER.—That was renewed only once.

Mr. WATSON.—Let us see the book. Yes, the book shows January 15, 1906, $5,000?—A. Yes.

Q. And then the other draft for $7,000?—A. Yes.

Q. Eh?—A. Yes, that is it.

Q. Two drafts as you say?—A. Yes, I think that is it, I knew it was $12,000

Q. How much did you pay Mr. Gregory for putting his name to this draft?—A. I never promised directly or indirectly and he did not ask me, and if he had asked me I would not have given him a cent, because I could do without him. I paid interest in the bank.

Q. You would not pay what you were not obliged to pay?—A. I would not.

Q. I see.—Now, how many drafts afterwards were there?—A. There was no draft afterwards, never to my knowledge.

Q. I thought you said there were some renewals?—A. If the book says so. Doesn't the book say so?—Because, as I told you before, I don't pay much attention——

Q. Yes. Following upon that in June and July, bills receivable to further drafts, $7,000.—A. That was the renewal, because when it came due we hadn't the money, and we must have renewed it.

Q. You must have renewed it?—A. Yes; and when the money came down Mr. Gregory was absent from Quebec, and Mr. Mailleux went to the National Bank with the cheque for $12,000 and paid the drafts.

By Hon. Mr. Cassels:

Q. Was the money received from Ottawa?—A. That was the cheque payable to my order for $12,000 that they owed me upon this 3,000 tons of coal.

By Mr. Watson:

Q. Did Mr. Gregory ask you for commission or percentage upon the acceptance?—A. No, he did not, Mr. Gregory never asked me.

Q. You have answered me, Mr. Archer.—A. Not to my knowledge, and if he had asked me I would have refused him.

Q. I see. Did you have knowledge at that time that he was accepting the drafts of other persons from whom purchases were being made?—A. I had no knowledge of Mr. Gregory's business whatever. It is most astonishing to me what I saw in the papers. I never had any knowledge of Mr. Gregory's business.

Q. Then it was not because you were aware that system was being pursued?—A. No, because I went there and found fault with him.

Q. As you have stated.—A. Yes.

Q. Did you make a purchase of some coal from the department?—A. I did.

Q. I thought they were buying coal.—A. Yes, they were buying coal, but it was not coal. Mr. Gregory bought 3,000 tons of coal.

Q. When was that?—A. That was 1904 or 1905, I am not sure which.

Q. 1904 or 1905?—A. Yes. I——

Q. Just listen, please Mr. Archer, we will get along faster if you will confine your answers to my questions. You bought 3,000 tons of the coal from the department?—A. Nothing of the kind. You will see by the books there.

Q. What did you buy?—A. I bought 7 or 8 or perhaps 9 hundred tons of coal.

Q. I thought you said 3,000?—A. Not at all.

Q. How did you happen to buy coal from the department?—A. No one would use the coal, the Allan steamers would not use it, it was a very inferior article, and they had a great deal of trouble——

Q. Where did the department get that coal?—A. I don't know whether I should name the name of the man. I might be sued for damages, because I have said the coal was very inferior.

Q. What I want to know is, had you sold them the coal before?—A. No. It was a large house in Montreal sold it to Mr. Prefontaine.

Q. A large house in Montreal had sold that coal?—A. Yes, but I don't know who.

Q. What kind of coal was it?—A. Steam-coal.

Q. And who was it made the sale to you, Mr. Gregory?—A. It was Mr. Gregory.

Q. And how much did you pay him per ton?—A. I paid him two and a quarter for a lot of dust and regretted very much, but Providence came to my aid, as it always does.

Q. What?—A. Providence came to my aid and I was able to sell it at a big price.

Q. So you bought this coal from Mr. Gregory at $2.25 per ton?—A. Yes.

Q. What kind of coal was it?—A. Nearly all slack.

Q. I know, but what kind?—A. Steam-coal.

Q. Steam-coal?—A. Yes. Slack, all the best of it had been taken out of it.

Q. At what price were you selling that kind of coal at the time you purchased?—A. Selling that kind of coal? I couldn't sell it at all. I had to keep it six or nine months on the harbour commissioners' wharf.

Q. What was the ordinary retail price of that kind of coal in the market?—A. Well, I think if anybody would take it the seller would have got a big price for it at $2.50 a ton.

Q. No, that is not what I am asking. I want to know if other merchants and people were dealing in coal—— ?—A. Yes.

Q. At what price were they selling that same class of coal in the market by retail?—A. I don't think there was any such coal in the market at the time; but of course I don't know other people's business, but I know Mr. Gregory in asking me a price, I said, 'I won't give you more than $2.' He said, 'I cannot get anyone to take it, it is all trash.' I thought if I bought it I might have a chance of mixing it with some other coal occasionally.

Q. Of mixing it?—A. That is it, coming out straight.

Q. Mixing it with other coal?—A. With other coal and have a chance of making a few cents.

Q. Then it all goes in as one kind?—A. It makes no difference if the man is satisfied. Nobody would buy it.

Q. So you got it in that way at $2 a ton?—A. No, I got it at $2.25.

Q. And how much did you sell it for?—A. That is a question I cannot answer. There might be some sold—

Q. Did you sell it back to the department?—A. Not a ton to the government. All that coal——

Q. Well, I received information—it was in an anonymous way—that you had re-sold that to the department, Mr. Archer?—A. Well, the man who told you that lied, since it was not good enough.

Q. Well.—A. I know how it arose. I will tell you if you like. On the other side there there is a man named Jardin, my carter, that carts coal, and Mr. Gregory employed him for carting coal. My name was on the cart and they were passing through Peter street and they thought Mr. Gregory was taking out the best coal and selling me the worst, and that is the way they said I had coal from Mr. Gregory and sold it back to him, which is a lie.

Q. Well did you sell any part of it back to the department?—A. To my knowledge I did not sell him a ton. I tell you why I did not: He had his wharf full of coal.

Q. I see. You could not sell it?—A. No. I would have sold it if I could.

Q. And made money?—A. Yes. We do that every day. I bought and re-sold.

Q. How much did you sell that coal for?—A. Some $3.50 and some $4, and some I sold for $4.50 because there was none in the market. The Lake St. John had run short 5,000 tons and it was a godsend to me, because if not perhaps the coal would be there yet.

Q. Did you get an advantage?—A. Yes.

Q. That you said was not an ordinary business advantage?—A. Well, I don't know. It is one of those things, we sometimes make a speculation and we burst on it, and other times we get along with it.

Q. I see. Then what other officials did you have to do with directly?—A. I have had no transactions with anybody in the department to sell lumber or coal to besides Mr. Gregory. I have sold——

Q. Then—A. Allow me.

Q. Then have you made payments or advances or gifts to any other officials?—A. I have not made a gift or advance, except in one case. They went around and wanted to give a poor old man who broke his leg a cloak, and I subscribed $10. In that department there is such a large number of people that when there is a christening they almost ask you to subscribe, which I am against altogether.

Q. Then do I understand you are continually making gifts one way or the other?—A. You cannot understand that. I am not a giving man, unless I can make a good deal, I am not a giving man.

Q. I see.—A. I gave Mr. Gregory I must tell you——

Q. You sometimes must give in order to get they tell me.—A. I must tell you I did make Mr. Gregory a present one New Year's time, but he never got another. I gave him a box of cigars, 25. He found them so bad that he will never get another.

Q. Perhaps you are not a smoker yourself?—A. I am.

Q. I guess the cigars must have been all right anyway?—A. I didn't buy them myself. I didn't like to spend money on that you know.

Q. I see. Then your generosity takes different forms, cigars, christening presents and Christmas presents?—A. I am not very tough on christening presents. I think there is enough trouble in the world without encouraging that.

Q. Then it takes those different forms, different ways?—A. Yes, it takes a different form, yes.

Q. And the whole amounts to quite considerable?—A. No. I suppose the whole thing amounts to $5 or $10 a year. It is not very dangerous, you know. It did some three or four——

Q. Then Mr. Gregory has had a personal account with you during all this time? —A. He has a personal account with me.

Q. He has been buying coal from you personally?—A. For his private use and for his daughter's use.

Q. For himself and for some others with whom he is connected?—A. Yes, some connections of his.

Q. All charged to himself?—A. All charged to himself.

Q. To himself?—A. Yes.

Q. And is it a fact that you made his allowances or rebates on that personal account?—A. On them personal accounts? Well, you know, I have charged him the highest price I could because I know, no matter how low I charged him, he would say it was too high. He is a kind of a grumbler at every account that goes in, and I have sometimes occasionally to settle accounts to take a little off his own account, on $100, perhaps I would take off $25 just to settle it.

Q. I see. So that I understand from you then that from time to time you have been making rebates to Mr. Gregory on his personal account?—A. In his personal account, which I considered I had a perfect right to do, because it had nothing to do with the government affairs.

Q. Oh, I see. But you knew at the same time, Mr. Archer, that it was from him for the most part you were getting orders?—A. I am under no obligations to Mr. Gregory for orders.

Q. I see here, for instance, at page 282 of the ledger of 1905 an entry, April 30, 1905 or 6—is that 6?

The Book-keeper—Six.

By Mr. Watson:

1906; that you wiped off a balance which you had against him of $413.07, charging it to profit and loss?—A. Yes, I did that.

Q. That is a little bit more than $25?—A. I didn't say $25 on every account.

Q. I see you wiped that off for him—A. I want you to understand I am under no obligations to Mr. Gregory at all for any purchases.

By Hon. Mr. Cassels:

Q. What we want to get is the facts.—A. Well there it is.

By Mr. Watson:

Q. Well, that is April 30, 1906, that you made that concession to him in wiping it off?—A. Yes.

Q. Then how much in 1905?

Hon. Mr. Cassels—What was the total of the account from which that was taken off?

Mr. Watson—$1,447.

Q. $413 was taken off $1,447?—A. No. I think you are labouring under some mistake.

Q. I am taking that from your book-keeper.—A. But that $413 is not in that year. It must be sales for the last two or three previous years, is it not?

Mr. Perron—Not by the books.

Witness—Well, my book-keeper can give you more information than I can. I know one thing——

By Mr. Watson:

Q. Wait, please. Mr. Archer, if you don't worry and talk so much we will get on faster?—A. Well, we will not talk at all if you like.

Q. That is right. According to what the book-keeper says the total carried forward was $1,447, and he got a rebate on that of $413?

Hon. Mr. CASSELS—Mr. Watson, while that £1,447 might have been carried forward, the account might have amounted to very much more.

Mr. WATSON—No, my lord.

Hon. Mr. CASSELS—And have been reduced by payments on account.

Mr. WATSON—No, my lord.

Q. What was the total for that year—the amount for that year, was about $1,000. I will put the book-keeper in afterwards to make it clear.

Hon. Mr. CASSELS—They might have had an account running on for years and payments made from time to time, bringing down the balance. The rebate would not be on the balance; it would be on the whole account. It might be, I don't know.

Mr. WATSON—I does not appear so. That is what the book-keeper says.

Q. That is a pretty handsome allowance. You don't make that allowance to ordinary customers?—A. That is not an allowance, allow me to explain.

Q. Not an allowance?—A. No I bought harness from him, robes, a cariole, and he was building a chapel, and some of his men came down and asked if I would subscribe a certain quantity of shingles or lumber, perhaps $30 or $40, which I willingly agreed to do.

Q. $30 or $40 worth?—A. Something like that. The book-keeper can explain everything. I don't know much about the books.

Q. Those were other subscriptions you made?—A. Yes.

Q. Now you did that in 1906?—A. Yes.

Q. How much did you give him in 1905?—A. I know nothing about it. The book-keeper will tell you.

Q. You don't know how much. if anything, was given in 1906?—A. I don't know because since I lost the sight of my eye I can hardly look in the books.

Q. The same with 1904?—A. I don't know anything about it. One thing I want to tell you in the court, I am under no obligation to Mr. Gregory for the orders, I got them from the minister.

Q. And the same with 1907, you were not able to tell?—A. I know nothing about it. My clerk knows everything.

Q. You seem to have left matters—A. Pretty well in my clerk's hands. He has been clerk and manager there for 15 or 20 years.

Q. So your employees in the ordinary course may make such rebates as in their judgment may appear proper?—A. No, they have no authority to make any rebates to anybody from me, and if they have made any rebates to anybody they will have to pay it. I have not seen Mr. Gregory twice in a year.

Q. Then did you supply the lumber for the hotel?—A. Oh, I don't know.

Q. The Laurentine?—A. I don't think so. He can tell you.

Q. You don't know?—A. I don't know anything about it.

Q. Or the coal?—A. I don't think he used coal. I don't think so, I don't remember.

Q. You don't know?—A. My clerk can give you all the desired information.

Q. Now, who certified to the correctness of your accounts?—A. I really cannot say. My clerk, Mr. Petit can tell you all about it. I don't know, I never went down. When there would be an order come at this office it would be invariably signed by Mr. Gregory, and I have noticed in some instances he has put the price down.

Q. Now then, you knew that other officials, besides Mr. Gregory, had to do more or less with supplies?—A. Well, they never called upon me, not one of them, I never had any business with them at all. Mr. Petit is the man can tell you all that.

Q. Do you mean to say that no presents or gifts were made to others?—A. No presents or gifts—well, I think four or five years ago I told my clerk. 'You might send a turkey to each of these people.' That is not a very big present. I would send you one if I thought you would accept it.

Q. That was Christmas time, I suppose?—A. Christmas time.

By Hon. Mr. Cassels:

Q. Were any rebates allowed to others on their accounts?—A. Not that I know of, nothing that I know of.

By Mr. Watson:

Q. Well, what about Captain Koenig. did he get a rebate?—A. Ask my clerk. If he did, it is contrary to my instructions ,and if they have given him a rebate I will take precious good care somebody will pay me for it.

Q. Captain Belanger?—A. As to Captain Belanger, I had no business transactions with him in the department. I had given instructions to sue Mr. Belanger, but they asked me not to do so under the circumstances because the man had lost his position and lost a good deal of money.

Q. We do not want to know about that. So you have no personal knowledge about allowances to others?—A. I only heard it the day before yesterday that there was some rebate of $20 or $30 upon one of these accounts.

Q. I see. Your book-keeper knows all about this?—A. He knows all about it. He has been there 18 or 20 years.

By Hon. Mr. Cassels:

Q. Was your business left under his management?—A. Under his management since I lost my sight.

Q. Was everything done by the manager?—A. The manager sold and bought lumber. Of course, he consulted me before buying lumber. He sold lumber, and on one occasion I found fault because the prices he was selling the lumber at were much below what he should have sold it at. He gave me an answer, he said 'Let us sell at fair prices so as not to have accounts returned, and when the minister sees you sell at such a price perhaps you will be able to get all the patronage.' That is what he says to me.

By Mr. Watson:

Q. Let us see what the book-keeper says about it.—A. Are you done with me?

Q. Yes, at present.—A. Thank you.

GIDSON GAUBIN sworn.

By Mr. Watson:

Q. You are book-keeper for Mr. Archer?—A. Yes sir.

Q. For how long, about?—A. About eight years.

Q. Eight years?—A. Yes sir.

Q. I see, you started young?—A. I am not so young as you think.

Q. Perhaps not. At all events you know about the books, you are quite familiar with them?—A. Yes sir, I have been making all the work in the books.

Q. Now, what rebate has been allowed to any other officials or employees than Mr. Gregory in their personal accounts. Just look and see? (Handing book to witness.)—A. In Mr. Gregory's account——

Q. I am leaving out Mr. Gregory's account for the present. Other accounts I am speaking of?—A. There is Captain Belanger, he owes an account, there is no rebate, he owes an amount and we wrote to the gentleman and he said: 'As soon as I get a position I will pay the whole thing.'

Q. Well, how much of a rebate has been allowed to him?—A. There is no rebate.

Q. What?—A. There is no rebate.

Q. How much allowance has been taken off?—A. There is no allowance.

Q. Or wiped out?—A. There is nothing wiped out.

Q. Where does it appear?—A. Page 379.

Q. 379. Where is the account here?—A. Here, sir, (indicating).

Q. That is just the end of it. Where are the particulars of the account?—A. Well, they are in the other, you see the details on there (indicating.)

Q. That is a very small account of how much?—A. Well the balance is $11.25.

Q. That is a matter of $11.25?—A. That is all in that account, that is all I have.

Q. Well, why did you give me his name?—A. Well, you asked me about it, sir.

Q. Yes, I did. Then the condition as you describe it, is that Captain Belanger buys coal from you, and he still owes a small balance?—A. Yes sir.

Q. Is that what you mean?—A. Yes, he owes a balance. He will pay us.

Q. Do you charge less prices, do you charge officials that deal with the firm less prices than ordinary?—A. No sir.

Q. What?—A. No sir, all the same price.

Q. All the same price?—A. All the same retail prices at the time they buy goods, coal or lumber.

Q. Then what about Captain Koenig? His name was given.—A. There is an amount wiped out, passed to doubtful accounts.

Q. That is wiped out?—A. Well, it is not wiped out altogether. We passed it to the doubtful accounts.

Q. I see, doubtful accounts. That is, you mean you do not expect to be able to collect it?—A. If we can, we will try and get all we can out of it, but we don't know what we will get.

Q. Is it not a fact that this is practically wiped out, and he has been told so?—A. No, not quite. He didn't tell us he would not pay.

Q. But have you not told him you wiped that out?—A. No sir.

Q. Then why did you wipe it off in that way?—A. It is three years old now.

Q. I see. Three years old now. How old is the other one?—A. Which?

Q. The one we passed a moment ago?—A. Two years.

Q. And how old are the others of the officials, about the same average?—A. I have no others.

Q. No others at all?—A. No, sir.

Q. No others that buy coal from you?—A. No, I have none.

Q. Quite sure?—A. I am sure of my books.

Q. Then in the evidence of your principal, Mr. Archer, it appears that Mr. Gregory has been allowed a rebate of $413 wiped off to profit and loss. Do you find that entry there?—A. Yes.

Q. $413, is that right?—A. As Mr. Archer explained it to you, he got two sleighs from Mr.——

Q. Where are the sleighs?—A. They are not entered, sir.

Q. Are the sleighs entered to profit and loss?—A. That is a credit to Mr. Archer himself. We didn't make any special particular about it.

Q. I didn't see any sleighs there?—A. No, it is not in there.

Q. This is profit and loss?—A. It has gone to profit and loss, you see.

Q. That is the way you wipe off an asset, is it not?—A. No, not in general, but at the time we did it.

Q. That is the time you did it?—A. Yes.

Q. You intended to wipe that out?—A. No, sir. We got some goods for it, may be a little difference between what we got and the money he owed.

Q. You got two sleighs?—A. Two sleighs and then two harnesses, and then some buffalo robes.

Q. From whom?—A. From Mr. Gregory.

Q. Was he dealing in sleighs, harness and buffalo robes?—A. No. He had them of his own, I suppose he sold them to Mr. Archer.

Q. Have you any personal knowledge?—A. Yes.

Q. Did you buy them?—A. No, Mr. Archer got them. He said he got them from Mr. Gregory.

Q. You don't know anything about it from your own knowledge?—A. I don't know of the buying and selling between the two parties. I know we got the carioles.

Q. Then what were the sleighs worth ?—A. I don't know much about it. I know hey were sold afterwards.

Q. What did they sell afterwards for ?—A. I don't remember.

Q. $5, $10?—A. I cannot say what price. I know they were good sleighs and ust have been sold for more than that. I don't remember the price.

Q. Then by whose direction did you make that entry ?—A. Well, I don't remember. At the time when we closed the books.

Q. You would not do it of your own motion without being directed ?—A. No; hen we closed the books. I don't know who ordered it.

Q. Would you make that entry to profit and loss at your own discretion ?—A. o, I would be directed. I don't know who it is.

Q. Who gave directions?—A. Sometimes Mr. Archer, sometimes Mr. Petit, the anager.

Q. And how much was the amount of the account at that time ?—A. $1,447.

Q. $1,447. But what was the balance, was that $413, the whole balance ?—A. o, it was the balance of the year before.

Q. And how much was the account the year before ?—A. That was the balance, 413. Mr. Gregory gave us in cash $400, and then at the time we had the goods there hat settled the affair.

Q. And that was just wiped off ?—A. It is not wiped out, it is a settlement of ccount.

Q. I see. It is apparently a comfortable way to have an account settled. Do you o that with other customers in the department ?—A. No, sir, I don't remember of ny.

Q. And what else, what other advantage or gain was given to Mr. Gregory to our knowledge ?—A. Nothing else, sir.

Q. Eh ?—A. Nothing else.

Q. Nothing else?—A. No, I don't remember of anything else.

Q. You have the drafts there. Is there any record of those drafts through the ooks in the regular course ?—A. Yes, sir.

Q. And is there any percentage charged up against them ?—A. No, sir.

Q. In the books?—A. No, sir, neither in the books nor elsewhere.

Q. Nor any commission?—A. No sir.

Q. Have you got the cash-book here? (Witness produces cash-book).

Q. Now, is there any record in this cash-book of payments to Mr. Gregory?—A. o sir.

Q. Eh?—A. No, sir.

Q. How do you know?—A. I know by the entry we made in the books there is no ash given to Mr. Gregory.

Q. No cash given to Mr. Gregory?—A. No sir.

Q. Then are presents sometimes made that are not entered in the books?—A. No ir, all the payments made are entered in the books.

Q. In the books?—A. Yes sir.

Q. Do you make payments sometimes just to make the entries to bearer?—A. No ir, we don't do that.

Q. And without tracing them up and identifying them to an individual, is that ione sometimes?—A. I don't remember of any, sir.

Q. You don't remember of any?—A. No sir.

Q. Let us see the cash-book corresponding with that date and the date of the rafts. That is what you were going to get me. What is the first one?—A. January 5th, when we paid the draft, 1906.

Q. When you got a draft, that is the time apparently payments were made. 'J. J. Gregory paid his note.'?—A. Yes sir.

Q. $5,000?—A. That means the draft.

Q. Did he pay it?—A. No, we did sir.

Q. What do you mean by making an entry here, 'J. U. Gregory paid his note?'—A. When we got acceptances from Mr. Gregory we gave him credit for the draft, and when we paid it we had to charge it.

Q. You gave him credit?—A. Yes sir.

Q. That is, credit to the department?—A. No, sir, it is John U. Gregory.

Q. But you had no account with Mr. Gregory?—A. Yes sir, we had, we had an account when we got the draft.

Q. You had an account with the department?—A. We had opened an account with him.

Q. Is this account opened with him?—A. Yes sir.

Q. I see, at pages 282 and 283 you open an account you carry that forward into his personal account?—A. Yes sir.

Q. Is this separate?—A. Yes sir.

Q. 293 is separate then from 282?—A. Yes sir.

Q. Then you open a personal account with reference to these drafts?—A. Yes sir.

Q. And treat him as debtor, as a man owing the firm?—A. Yes sir.

Q. Well, in the entries you treat him as a man owning?—A. No. We give him credit for the drafts, we were debtor to Mr. Gregory then.

Q. Where did you give him credit for the drafts?—A. On the 7th December, and the draft is paid on the 15th of January.

Q. Who paid the draft?—A We did.

Q. You paid the draft yourself?—A. I don't know myself, but the firm paid the draft.

Q. Then you make an entry, 'J. U. Gregory paid his note.' That is not exactly according to the fact?—A. We had to open an account with Mr. Gregory, we had to give him credit when the draft came due.

Q. And when you paid it?—A. We had to charge Mr. Gregory.

Q. I would like to get my notes paid the same way. At all events you paid the note?—A Yes sir, we did.

Q. And then you gave him credit for having paid his note. What about others?—A. On January 11th, that is the draft came due on the 13th of April.

Q. 12th of April?—A. Yes.

Q. And in the same way marked paid?—A. Yes sir.

Q. Now, I want the account with the Marine Department, and I want to see the dates on which you received moneys from the department, if you please, how often you received moneys. Let us see it and we can go over it. Take it during the year 1906. That was the year in which these drafts were current?—A. Yes sir.

Q. What page?—A. It starts here (indicating).

Q. It starts from there?—A. Yes.

Q. And do these entries show the date when the department as a customer was debited with the amount?—A. Yes sir.

Q. And these entries show the date of payment of the account?—A. Yes sir.

Q. They do?—A. Well, sometimes, the regular entry there. Sometimes they pay three or four orders all together in one cheque, and it all goes according to the amount.

Q. Wait a minute. Where does that start, January, 1906?—A. Here.

Q. The first item there is January 11. That states what date the account was sent?—A. From the 11th to the 15th of January the entry was made.

Q. The date of the purchase was January 11, 1906, $103. When was that paid?—A. I cannot give you details when it was paid. You see, they sent cheques for different departments all together.

Q. What do you mean by different departments?—A. I mean for the maintenance, and the lights, they all sent cheques different, but there is a different entry for the same place if they sent a cheque for the whole thing.

Q. Well, we will get another item. On the 27th February 3,000 tons, what is that?—A. Steam coal.

Q. $12,000?—A. Yes.

Q. $4 a ton. When was that paid?—A. On the 8th of August.

Q. 27th of February, paid on the 8th of August.—A. The coal was bought in he fall, we kept the coal on in the winter.

Q. That is the time it was charged to them?—A. Yes sir.

Q. Where have you got the payments?—A. August 8, $12,000.

Q. I see. Now that is the $12,000 for which these drafts were put in?—A. Yes.

Q. I see. That is not ten or twelve months delay. That is six months on a $12,-00 order. That is not very long credit on a $12,000 order is it?—A. There is not nly that steam coal——

Q. But I am just dealing with that.—A. Yes sir.

Q. And it was in respect to that order, and the so-called delays in the pay-ıent of that order, that this draft system arose, is that right?—A. Yes sir.

Q. I see.—A. There is only one running.

Q. That was exceptionally long, was it?

Hon. Mr. CASSELS—Mr. Watson, as I understand it, these drafts were renewed f the money did not come from the department.

Mr. WATSON—If it did not come, yes my lord. But the fact is that that order vas filled on the 27th February for £12,000.

Hon. Mr. CASSELS—What I mean is this, it did not require Mr. Gregory's drafts o enable Mr. Archer to get the money. That he has told us.

Mr. WATSON—Quite so.

Hon. Mr. CASSELS—And the giving of notes did not shorten in any way the time f payment by the government, because until the accounts were paid the notes were enewed.

By Mr. Watson:

Q. Let us see when they were renewed?—A. In December.

Q. This is $12,000?—A. It does not mean only for that.

Q. But Mr. Archer spoke of it as having reference to the $12,000?—A. Of course, ou have got to understand we got the coal in the fall.

Q. But you do not charge when you buy the coal, you do not do that until fter you make a sale?—A. It was made before, but it was not official until we harged the order.

Q. But you do not charge it up until you make delivery?—A. It had been ought specially for the Marine Department.

Q. I know, but the delivery was not made until February?—A. But the coal vas there just the same.

Q. I know you got the coal there, but you were not charging somebody inter-st?—A. No, it was not sold.

Q. This was sold to be delivered. Lots of people in the regular course of custom ive you orders in the autumn for the winter's supply, and you furnish afterwards n the winter?—A. We don't charge people until they get it, but this was another ffair. The order was given in the fall and we bought the coal specially for the Marine Department.

Q. Quite so. Now then, do you mean that before you delivered this coal to the epartment you drew on Mr. Gregory for the price of the coal or part of the price f the coal?—A. I don't say particularly for the coal.

Q. Not for the coal?—A. I don't say it was only for the coal. It was $5,000 t the time.

Q. But it was in respect of that coal?—A. I don't say it is. They owed other mounts for lumber.

Q. Well, Mr. Archer has spoken about that. When was the first draft?—A. In)ecember.

Q. Give us the date, please?—A. December 7.

Q. December 7, what year?—A. 1905. It was paid on the——

Q. Wait, please. When was that renewed?—A. They didn't renew that $5,000; it was paid on January 15.

Q. And who paid it?—A. Mr. Archer did.

Q. Well, it was not paid, of course it was not paid?—A. It was paid.

Q. Well, charged back to yourself?—A. No sir.

Q. Then when was the next draft?—A. On January 11.

Q. That $7,000?—A. That is the draft that was running until August 8, when we got the $12,000 we paid.

Q. I see, that was running until August 8, so that draft was put in on January 11 and the goods were not supplied until February 27, that is the position, that is just what I wanted to show?—A. We have been——

Q. Now, have you anything else to say?—A. Well, you see, that coal was delivered in the fall of the year, and we started to coal the steamer *Montcalm* early in the fall when they started to get her in the river.

Q. You charged it up on February 27?—A. No only made the whole entry on that date.

Q. Show me any other entry?—A. It is the whole quantity, 3,000 tons.

Q. Yes, I know?—A. We started to deliver the coal in the fall.

Q. But you did not make an entry in the book?—A. We made it for the whole thing in February.

Q. And you have got no earlier entry than that?—A. No. We delivered the coal as we went along, in November, December and January.

Q. I see. That is the condition of affairs. Now then, what about gifts or rebates to other officials?—A. I have none, sir.

Q. Eh?—A. I have nothing else than what I told you.

Q. Have you any knowledge of any such?—A. No sir.

Q. Or any other allowances or rebates to Mr. Gregory?—A. No sir.

Q. No knowledge of anything else, is that what you say?—A. Yes, sir.

Q. That will do.

By Hon. Mr. Cassels:

Q. Mr. Gaubin, is Mr. Archer still a member of that firm?—A. Yes, your honour.

Q. On your books, as they show now, $413 has been wiped out to the credit of profit and loss?—A. It is wiped out in the books.

Q. I am only talking of your books. The books would show the wiping out of $413 to profit and loss. That is correct, is it not?—A. It is credited to profit and loss.

Q. Now, if there was an offset in the shape of goods, would it not have been proper book-keeping to have credited that account, by goods received, value so much?—A. It would be better.

Q. Would not that be proper book-keeping, and then to have wiped off the balance, whatever it was? It would be proper book-keeping?—A. Yes sir.

Q. What was the average length of time that Mr. Gregory paid his own personal account?—A. Oh, it takes a long time to pay.

Q. I want to get at it. Was it longer than the government or shorter ?—A. I cannot say that.

Q. Your accounts will show?—A. It is from year to year, you see.

Q. Well, he did not pay cash, at all events ?—A. Yes, at the time we settled that amount he paid an amount of $400 in cash.

Q. That is at the end of the account. I am talking now of his business from time to time. He would buy coal you say at the same price as you sold it to the government for?—A. Yes.

Q. What length of credit did he get?—A. We hadn't any special arrangement.

Q. I am not asking about any special arrangement. You know perfectly well what I want to get at. What length of time elapsed between the delivery of coal to Mr. Gregory and his paying for it?—A. I don't know what you want to come at.

Q. What?—A. I don't know what you mean.

Q. Well, you delivered him coal on the first of February this year?—A. Yes.

Q. And he owes you for it, say $100?—A. Yes.

Q. You know when he paid that $100, your books would show when he paid it say in two or six months?—A. I don't know at all, I cannot say anything on that, when he will pay.

Q. Is he long pay?—A. He is a long payer.

Q. You can give from the books how long?

Mr. Watson.—How long has he been owing that $400?—A. It is 1904.

Q. I see, three years.

By Hon. Mr. Cassels:

Q. Then, as I understand you, so far as these notes are concerned there was practically no financial assistance to Mr. Archer by the taking of the notes, because they were renewed from time to time until the government paid the amount?—A. Until we got the amount.

Q. That is the whole thing. Whatever the reason for taking the notes—I suppose as Mr. Archer suggested it was in case Mr. Gregory might be liable on the notes if Mr. Archer failed—that is about the whole business. That will do.

Mr. Watson.—Is there any one on the list now who desires to be heard?

Mr. Ahearn—.My lord, I would like to make an application. As the court is aware, I represent Captain O'Farrell here. We would like to know when all the evidence against him is in in order that then we may be able to use the privilege we have of putting him on the stand and examining him on his own behalf. I would not like to put my client on the stand unless assured that all the evidence that is available, or which may be thought available is adduced before your lordship.

Hon. Mr. Cassels.—You had better wait then until the evidence is closed in case something crops up unexpectedly, implicating your client.

Mr. Ahearn.—Otherwise I would be in the position of having to put Mr. O'Farrell in the box several times.

Mr. Watson.—Apparently I got a wrong impression. I thought from what was said that the officials were anxious to come in the box and exculpate themselves.

Mr. Ahearn.—Very anxious.

Hon. Mr. Cassels.—Mr. Ahearn is quite prepared to put his client in so that he may exculpate himself so far as any specific charges are concerned, but if there is any other evidence in regard to these charges forthcoming he wished to be adduced before he puts his client in the box.

Mr. Watson.—My learned friend would be at liberty to put his client in again in answer to any other evidence that may be forthcoming.

Hon. Mr. Cassels.—Just as you please.

Mr. Lemieux.—My lord, Mr. Beauchemin is ready to give his evidence.

(Evidence taken in French will be published later.)

Alexander Boyle sworn.

By Mr. Watson:

Q. Mr. Boyle, what is your position?—A. Inspector of Agencies.

Q. For what length of time?—A. Since the 1st September this year.

Q. Oh, just recently acting in that capacity?—A. Yes sir.

Q. Prior to your appointment was there anyone in the same position?—A. I understand so.

Q. Who was it?—A. Mr. Roy.

Q. Was he the one at Sorel?—A. I could not say, sir.

Q. Where is he now, do you know?—A. I believe he is at Ottawa.

Q. In the department?—A. Yes sir.

Q. Then it is not the same one evidently. He was inspector. Now, then, Mr. Boyle, you have been requested to prepare statements of the accounts between firms and houses, sellers here and the department, showing the dates when the accounts were received at this office in Quebec, when they were forwarded to Ottawa and when they were paid: Is that right?—A. Yes sir.

Q. Have you prepared those statements?—A. Yes sir.

Q. And from what data or information have you proceeded, the records in the office here?—A. All the records in this office, sir.

Q. All the records in this office?—A. Yes sir.

Q. The information that you have prepared then in writing is correct, can you say?—A. According to the books of the office, sir.

Q. According to the books of the office?—A. Yes sir.

Q. Correct, I see. That is, you have relied upon the entries and records as you find them in the books of this office?—A. Yes sir.

Q. Kept by whom?—A. Well, kept by the accountant and by the other two clerks.

Q. That is Mr. Mailloux?—A. Yes sir.

Q. And two assistants?—A. Yes sir.

Q. Now I observe—and it is proper to say, my lord, that it is an explanation of the delay we have met in getting these prepared—that apparently the work has been one of a very great deal of labour?—A. Yes sir.

Q. And I see you have made the entries in books?—A. Personally ledgers.

Q. In ledgers. And you have four of them?—A. Yes sir.

Q. So that this report you are now making is contained in the four ledgers that you produce?—A. Yes sir.

Q. There being one first for 1904?—A. And five. That is each fiscal year.

Q. Yes. 1905-6 and 1906-7?—A. Yes sir.

Q. How do you happen to have four, carrying on to the present time?—A. From 1907 to 8.

Q. I see. You have those years. Now then, the first one is 1904-5, and just by way of illustration let us take the Slade Electrical Company.

(Four books produced by witness marked Exhibits 182, 183, 184 and 185).

Q. We had the evidence of the proprietor of that company, Mr. Gale, last evening. Page 118, it is at this page?—A. Yes sir.

Q. Now, the first account—just by way of illustration, my lord—the first account was apparently received at this department on the 20th of June, 1904?—A. No sir.

Q. What is the date?—A. It is dated 20th June, 1904.

Q. The 20th June, 1904?—A. Yes sir.

Q. I see. When was it forwarded to Ottawa?—A. On the 23rd of August, the same year.

Q. The 23rd of August?—A. Yes sir.

Q. That is two months after.

Hon Mr. CASSELS.—When was it received?

By Mr. Watson:

Q. When was it received at this department?—A. On the 12th September.

Q. You have the date of the account?—A. Yes sir.

Q. You have taken the date of the receipt of the account?—A. There was no means of finding when the account was received here.

Q. You have taken the date of the account itself?—A. Yes, sir.

Q. The actual date of receipt is not on record?—A. No, sir, it is not on record.

Q. You had to take the date of the account. I suppose you assume that people would not hold their accounts long after they are dated?—A. Yes, sir.

Q. So that there was a delay of nineteen days after the receipt at Ottawa of the 23rd of August, and cheque was forwarded to this office from the department at Ottawa on September 12. Is that right?—A. Yes, sir.

Q. So that there was a delay of nineteen days after the receipt at Ottawa of the account, nineteen days before the cheque was sent?—A. Yes, sir.

Q. The amount of that is $225?—A. 28 cents.

Q. Yes, we can leave out the cents. Now, the next one by way of illustration. June 30 received, forwarded to Ottawa on August 30, paid by cheque September 6, amount $250 .

By Hon. Mr. Cassels:

Q. That was paid by cheque from the government at Ottawa?—A. Yes, sir.

By Mr. Watson:

Q. All these represent cheques issued from Ottawa?—A. Those are the dates of the cheques. (Indicating.)

Hon. Mr. Cassels.—Received from Ottawa.

Mr. Watson.—Yes, my lord.

Q. Then take the next one, date of the account August 31, forwarded to Ottawa September 23, paid October 10, amount $2,182. Then take the next, received September 17, forwarded September 26, paid October 10. That is right, is it not?—A. Yes, sir.

Q. $2,003. And the next is September 15 dated, forwarded to Ottawa September 26, paid October 10. Then the next one is September 22, forwarded to Ottawa on November 16, paid December 3?—A. That is 1904, sir.

Q. Yes. Then 1905, the first received, or dated rather, August 11th, forwarded to Ottawa December 13th. That is not paid until June 22nd, 1906, do you see?—A. Yes sir.

Q. Amount $1,337. Now, how do you account, or can you account, for the circumstances that that account was dated August 11th and was not forwarded to Ottawa until December 13th?—A. No, sir, I cannot account for it.

Q. That is four months and two days before it is forwarded to Ottawa. Can you account for that at all?—A. No, sir.

Hon. Mr. Cassels.—Mr. Watson, all these accounts are certified on a certain date.

Mr. Watson.—Yes, my lord.

Hon. Mr. Cassels: They appear when certified.

Mr. Watson.—Yes, my lord, quite so.

Q. Now, then, the other accounts just in a similar way, the payments range here on an average, with that one exception—two exceptions, of less than thirty days?—A. Yes, sir.

Q. Yes. The payments by issuing of the cheque from Ottawa, my lord, with two exceptions, I think it is, average less than thirty days after receipt of the account at Ottawa. Now, we take another. Let us take the witness this morning, Mr. Archer, just by way of illustration. I have not had an opportunity to look at these yet, my lord. Mr. Archer, page 155. Now, just a few here, starting at the commencement of it. The first account, dated received September 14?—A. Date of the invoice, sir.

Q. Yes, date of the invoice or account September 14, forwarded September 26, cheque October 10, that is $2,690. The next one, date of account August 31, forwarded October 7?—A. Yes, sir.

Q. Paid October 14. Now, apparently running along in that way. Then the next one after that is another one of August 31. Sent to Ottawa October 7, the same date, paid October 14, $5,760; another account, same dates, same payments. Three accounts there all dated August 31, forwarded to Ottawa October 7 and paid seven days after receipt. Then take the next one, dated October 21, forwarded October 26, paid October 31. Then the next four or five following that are even more prompt ?—A. Yes, sir.

Q. In each case October 24, forwarded 27th, and paid 31st. These were the cheques. It runs on throughout that is for that year. Let us take another year from Mr. Archer's account, the next year, let us see. It is very important having this as a matter of record, my lord.

Hon. Mr. Cassels.—Very important.

Q. Archer & Co., page 66?—A. It is carried forward to page 244.

Q. Yes, from this, that is all right. The first one, date of account June 30, forwarded August 3, paid August 10?—A. $3,200.

Q. $3,200. Then there are two other accounts forwarded on the same date, August 3, dated June 20 and July 30, paid August 24. That appears to illustrate it. Taking this one received February 1 ?—A. No, dated February——

Q. Dated February 22?—A. 22nd.

Q. Forwarded March 23. That is not paid until July 27?—A. No, sir. $54.

Q. $54, yes. Take some large account there, which is the largest item? Where does this go to, let us get a large one?—A. Page 244.

Q. All these are under a thousand dollars—no, here is this one of $12,000, here it is dated December 14, 1908, forwarded December 20, paid August 7. There was delay there surely?—A. Yes sir.

Q. Have you any explanation of that ?—A. No, sir.

Q. None apparent here in the books?—A. No sir.

Q. As inspector you would not know. That was the condition with regard to the account. I have given the dates of it. $12,000. Then turn over, let us see some other large ones. Page 244, here it is. These are all small ones, are they not ?—A. Yes sir.

Q. $20 or $30 paid within a month, about a month after. Now, let us take another one, take Mr. Murphy's, 1904, James J. Murphy, he has been examined, page 87. The first one of any size is the fourth one, received or dated rather September 13, forwarded October 9, paid October 25, $1,399?—A. Yes sir.

Hon. Mr. Cassels.—When was it forwarded?

Mr. Watson.—October 25, paid.

By Hon. Mr. Cassels:

Q. When was it forwarded?—A. The 9th of October, sir.

By Mr. Watson:

Q. Dated September 12, forwarded October 9, cheque October 25. Then again the next one, received August—— ?—A. No, dated August.

Q. Dated August 23, forwarded October 11, paid October 25, amount $2,047. The next one, August 22, date forwarded October 11, paid October 26. Let us take the next large one down here, a little bit larger, dated May 9, forwarded June 22, paid July 5, amount $1,085. Let us see if we can find a larger one. This is carried forward to page 246. There is only an entry there, a small entry. Well, that just illustrates, that is 1905 and 6. Now, while we are here let us take Holliday Brothers, 1904 and 6, page 167. There are only two items here ?—A. That must be all through that year.

Q. Date of account, October 31, 1904, forwarded November 22. That is not paid until June, cheque June 16?—A. Yes sir.

Q. Six or seven months delay there?—A. Yes sir.
Q. You can't account for it, eh ?—A. No, sir.
Q. The next one is about the same.

Hon. Mr. CASSELS.—What is the amount of that?

Mr. WATSON.—$20,792.

Q. Let us see the next book, 1905-6, Holliday Brothers, page 111. The first one here, dated July 12, forwarded August 11, cheque September 14, $50 ?—A. No, sir, $50.

Q. Oh yes, that is a very small one, $50, you are right. The next one, dated of account July 12, forwarded August 11, dated of cheque September 14, amount, $26,700?—A. No, sir, $2,000.

Q. I beg your pardon. I am going wrong. $2,670 you are right. Then the next one, August 7, forwarded August 25, paid by cheque August 29, $3,128. Now, look at the next item. Date of account, December 6, forwarded December 13, and you have got marked there 'paid direct,' and no date ?—A. Yes, sir.

Q. What does that mean, why haven't you got a date?—A. Well, sometimes, sir, those cheques were sent direct to the merchants themselves.

Q. Well, would not there be the date of the cheque?—A. Yes, sir, but it did not come through this local agency.

Q. I see. Therefore there is no date in the records here. We have to get that at Ottawa?—A. Yes sir.

Q. That explains it. Then look at 1906-7, Holliday Brothers. The first one is August 30, forwarded September 6, cheque September 21, the next one is June 29, September 6, September 21. Coming down to November 16, date forwarded December 11. You have not got that marked paid at all ?—A. It must have been paid direct.

Q. That must have been paid direct, but there is no date there?—A. Yes.

Q. I see you have not any date for the balance of these ?—A. No, these are just direct from the books.

Q. Let us see the next one for them, page 104, 1907. These seem to be prompt, August 19, forwarded August 22, paid August 26.—A. $7,000.

Q. The next is September 18, forwarded September 20,, paid September 28. A pretty prompt system. $7,750. The next largest is October 3, forwarded October 10, paid October 28, $3,580. That illustrates the system my lord.

Hon. Mr. CASSELS—Yes. We will adjourn now until a quarter past two.

Mr. WATSON—Yes, my lord.

(Adjourned at 1 p.m. to 2.15 p.m.)

Commission resumed at 2.15 p.m.

Mr. WATSON.—My lord, I think it will probably facilitate and expedite the proceedings if I put Mr. Gregory into the box and ask him a few questions. I would like, therefore, for Mr. Gregory to be good enough to step into the box.

Senator CHOQUETTE—Well, my lord, it was my intention to call Mr. Gregory myself. I advised him not to go into the box.

Hon. Mr. CASSELS—Not go into the box?

Senator CHOQUETTE.—Not before all the evidence was in because if we are put in the position of making his defence before the whole of the evidence is in it will be disadvantageous to us.

Hon. Mr. CASSELS—It does not deprive him of his defence at all.

Senator CHOQUETTE—I know that.

Hon. Mr. CASSELS—Counsel has a perfect right to call any of the parties.

Senator CHOQUETTE—I know that, and if my learned friend insists, why, I am in the hands of the Court, but I should have preferred, if possible, to put my client in after all the evidence is in.

Mr. WATSON—I desire to take this course as a matter of procedure for the purpose of facilitating the inquiry.

Hon. Mr. CASSELS—You have a perfect right to call Mr. Gregory. It does not deprive you, Mr. Senator, later of calling him again.

Senator CHOQUETTE.—Oh yes, I understand that, but——

Hon. Mr. CASSELS—Mr. Watson has a perfect right to call Mr. Gregory now.

Senator CHOQUETTE.—I understand that, but I thought it would be better for me to put him in the box at the conclusion of the evidence against him.

JOHN U. GREGORY sworn.

By Mr. Watson:

Q. Mr. Gregory, you were the chief agent of the department here for a long time?—A. Since Confederation, sir.

Q. You assumed active duties in what year?—A. As agent?

Q. Yes.—A. Well, I was first—before Confederation I was manager of the provincial steamers, sir, and afterwards I acted as agent of the Department of Marine and Fisheries. I was appointed somewhere in 1869, officially, but before that I acted all the same.

Q. Then, since 1869, until quite recently, you have been in the position of chief agent?—A. Until the end of March last.

Q. And for some years past you have been receiving a salary?—A. Yes sir.

Q. Of about how much?—A. Well, my salary has not been augmented for many years, sir, 23 years.

Q. What was the amount of it?—A. $2,200, but I had the fees also of the shipping office, which augmented it somewhat

Q. Yes, $2,200. Have you got your books here?—A. My personal books?

Q. Yes.—A. I have not, sir. I did not think I was going to be called for the present. I did not expect to be called until the end of the evidence was all in for my defence.

Q. Have you any books of account here?—A. No sir.

Q. Not at all?—A. Not to-day, no sir. I did not expect I would be called yet.

Q. In the year, 1904, from whom did you receive compensation, I mean from what firms or persons——

Senator CHOQUETTE.—Do not answer.

Mr. WATSON.—With whom transactions took place in the department.

Senator CHOQUETTE.—May it please your lordship, I wish to make an objection, I wish to make an objection to that question, not quite an objection, but I must say at once that I am taken a little by surprise myself. I am just in from Montmagny now. I do not know exactly what is the aim of the question.

Hon Mr. CASSELS.—Mr. Senator, I understood the other day you got up before me and you offered to shorten the proceedings.

Senator CHOQUETTE.—Yes.

Hon. Mr. CASSELS.—By admitting that commissions were received from nearly all those dealing with Mr. Gregory.

Senator CHOQUETTE.—A qualified admission. I am willing to do it again.

Hon. Mr. CASSELS.—I am only referring to your statement about being taken by surprise.

Senator CHOQUETTE.—Surprise at the interrogation of Mr. Gregory. But now, as things have turned, I think it necessary to make objection to protect the witness.

I do not know what is going on, what may be the outcome of all this, but supposing for the sake of argument that later on they will take proceedings one way or the other, something like the proceedings that were taken in the McGreevy matter, I should not like to see my client now answer my learned friend's questions and his answers be taken against him. So, if some proceedings should be taken under the criminal law, I would like to look into the matter before the witness is examined further. I put these facts before the Court as I understand I am in the hands of the Court as the witness is. I just draw your lordship's attention to that point and for that reason I should like to have Mr. Gregory's examination adjourned to to-morrow morning if possible. Perhaps to-morrow morning I shall have no objection to make, or if I have any I will put it down in writing. So I beg humbly to put this objection before your lordship.

Hon. Mr. CASSELS.—Of course, as far as I am concerned, the question of criminal proceedings has never entered my mind. So far I have no knowledge whatever of any criminal proceedings. I am here to get the facts. You have the right, of course, to advise your client that he need not answer if he is liable to subject himself to criminal proceedings. That is a matter for you to advise him upon. The other question is a matter of expediency. It is a matter for Mr. Watson to consider whether it will be better to postpone his examination to the morning. That is as I understand the matter.

Senator CHOQUETTE.—Exactly I am not afraid myself of criminal proceedings, but I do not know what may happen.

Hon Mr. CASSELS.—I do not know either. There could not be any criminal proceedings if everything is straightforward.

Senator CHOQUETTE.—Exactly. I was willing to admit the other day that we had received some money for interest and to prove it, but supposing some other party should say the contrary? I will, therefore, ask my learned friends to say they will postpone now my client's examination. I was told by them yesterday that they had some other witnesses to examine to-day. I just wish to look at the question, so I beg my learned friends to adjourn to to-morrow morning so that if I have any objection to take it may be put before the Court and used later on. I have not the law before me now to look up this very point.

Mr. WATSON.—(After conferring with Senator Choquette)—I have suggested to my learned friend that probably an hour would be quite sufficient for him to consider his position. Mr. Gregory can, therefore, stand out for an hour and we will go on with some other witnesses. Some of the persons whose names are upon that list are here and we will proceed with them. They are witnesses that my learned friend is not interested in.

Hon. Mr. CASSELS.—Have you power, or have I power, to say that any evidence given by Mr. Gregory here shall not be used in any criminal proceedings?

Mr. WATSON.—Well, your lordship has asked me a very important question. I can only say in answer upon the moment, without having given it very careful consideration, that it strikes me quite clearly that your lordship would not have any such power. That is the view I have at the present time.

Senator CHOQUETTE.—That is not it. I am not prepared to say whether you have or not, but supposing later on some information should be put before the Criminal Court, will they use in that court the evidence given here?

Hon. Mr. CASSELS.—I would suggest this: perhaps it might be arranged that anything Mr. Gregory states that might subject him to criminal proceedings, if he intends to give evidence to put him in that position, might be treated as not open in any Criminal Court. As far as I am concerned I could not bind any court, but I will do my best. I think the Attorney General——

Senator CHOQUETTE.—That is a declaration that the evidence here shall be used for this court only. Not for any other court.

Hon. Mr. CASSELS.—Not for criminal proceedings. I am quite willing to go on on that understanding.

Mr. WATSON.—The only answer I can make to that—I think it is quite apparent to your lordship as well as to my learned friend—is that the functions and dutics of my learned friend and myself here in the conduct of this inquiry in the course of obtaining and producing evidence is limited solely to the execution of this Commission, and we have no instructions whatever in respect to any other matters outside the execution of this Commisison.

Hon. Mr. CASSELS.—No. But I suppose the Minister of Justice, if I made a representation to him that the evidence was given here as far as I could guarantee it should not be used in any proceedings, I suppose he would see it would not be used.

Senator CHOQUETTE.—That is the point.

Mr. WATSON.—That would be a matter for action by your lordship.

Hon. Mr. CASSELS.—For the Minister of Justice.

Mr. WATSON.—I mean to say in the obtaining of such information.

Hon. Mr. CASSELS.—Well, the information is all out. I do not see very much harm either way.

Mr. WATSON.—I do not either. I do not think it adds to or detracts from it.

Hon. Mr. CASSELS.—I am quite willing to tell the Minister of Justice that anything stated by Mr. Gregory in this examination ought not to be used on any criminal proceedings to be taken.

Senator CHOQUETTE.—I am very glad your lordship says that. I will ask my learned friend to adjourn now and in the meantime to take witnesses in whom I am not interested. I understand they have some gentlemen to call to explain their own conduct, so as far as Mr. Gregory is concerened I ask for an adjournment to a quarter past three.

Mr. WATSON.—All right.

Senator CHOQUETTE.—In view especially of the declaration of your lordship.

Hon. Mr. CASSELS.—Of course I cannot bind the Minister of Justice.

Senator CHOQUETTE.—No, but if you make such a declaration I have no doubt it will have his attention.

Mr. WATSON.—Of course as I understand it, nothing that can be said or done, either by your lordship or by the Minister of Justice can possibly alter the provisions of the statute.

Hon. Mr. CASSELS.—I know, but there is a method of procedure under the statute.

J. J. MURPHY recalled.

By Mr. Lemieux:

Q. Mr. Murphy, do you care to be examined in French?—A. I would sooner answer in English.

Q. You speak good French.

Hon. Mr. CASSELS—He has been examined in English and you speak good English, Mr. Lemieux.

Mr. LEMIEUX—All right, my lord.

Q. Mr. Murphy, you have been sworn once in this case?—A. Yes.

Q. And in your evidence you said that you gave money to Mr. Gagne.—A. Yes.

Q. I have only one question to ask you; did you receive any favours from Mr. Gagne for the money you gave him?—A. No, not that I am aware of.

Q. No favour at all?—A. Not that I know of.
Q. That is all.

By Mr. Watson:

Q. You were aware that Mr. Gagne certified some of the accounts?—A. I thought e would have to, yes.
Q. You thought he would have to, that will do.

By Mr. Lemieux:

Q. Did he certify accounts?—A. I would not know that, Mr. Lemieux.
Q. As a matter of fact he did you no favour for the money you gave to him?—A. answered that question.

Senator CHOQUETTE—My lord, before Mr. Gregory resumes his evidence I desire o state that I do not wish the public should be under the impression from the emarks I made a minute ago that I was afraid Mr. Gregory would incriminate imself. I just wished to protect him. That is all. Now, I leave Mr. Gregory's vidence under the protection of that clause.

Hon. Mr. CASSELS—Clause 5?

Senator CHOQUETTE—Clause 5 of the Revised Statutes, Ch. 145, vol 3.

Hon. Mr. CASSELS—Ch. 145, sec. 5.

Senator CHOQUETTE—I just ask for the protection of that clause.

Hon. Mr. CASSELS—That will be understood, that you raise that objection under ection 5 to every question that is put.

Senator CHOQUETTE—Exactly, not to repeat the objection during the whole ot he evidence.

Hon. Mr. CASSELS—Yes. That will be understood by Mr. Watson.

J. U. GREGORY recalled.

By Mr. Watson:

Q. Mr. Gregory, I understand you sent for your books in the meantime?—A. I ıave only one book. This is a book of reference, of memoranda more than anything lse. It refers to the conditions upon which I loaned money and what kind of securty I have had, and shows the nature of the accounts, where there were accounts, and t shows renewals and different things, and there are twelve sections in that book vhich are simply for my own personal information that I might know I was ecured against loss or possible loss from people I lent money to, because I wish you o understand I did not lend money which I did not know how I was to get back.

Q. That is all right. Then in the year 1904, will you be kind enough to tell ne the names of the persons or firms who had business transactions with the department and from whom for any reason or purpose you received compensation, the ıames, please—A. There are a great many of them, sir.

Q. Will you kindly give me the names for 1904?—A. I have a list there, sir. My ook will show that if you will allow me to look it over. I will hand it back to ou.

Q. Just the names of the persons. I am not asking the amounts.—A. No, I ıave not that in my mind, sir. I should say my first transactions will have been vith Mr. Thibieut, Mr. Martel, the Slade Electric Co., Aymot Samson & Filion, J. J. Murphy, Drolet—F. X. Drolet——

Q. F. X. Drolet?—A. F. X. Drolet; hundreds of thousands of dollars on pay ists.

Q. Never mind that. Just the names of the firms?—A. I didn't get any ompensation for that.

Q. The names of the persons or firms?—A. Yes.

Q. May I help you?—A. Yes, sir.

Q. Mr. Pelletier?—A. Yes, Luke Pelletier.

Q. Bélanger?—A. Edmond Bélanger.

Q. Yes?—A. I don't think so that year.

Q. N. Bélanger?—A. I don't think so. I had very few transactions with Bélanger. I don't think I lent him any more money than once.

Q. I am not asking the account?—A. I don't think I lent him more than once.

Q. Alexander McKay?—A. Alexander McKay, yes.

Q. The Quebec Automobile & Launch Co.?—A. Yes.

Q. The Lavoie Electric Co.?—A. Yes.

Q. Archer & Co.?—A. Yes.

Q. Blakiston?—A. Yes.

Q. Holliday Bros.?—A. I think so, yes, sir, I should say so.

Q. Tremblay?—A. Who was Tremblay?

Q. M. Tremblay?—A. Yes.

Q. C. Drouin?—A. Yes.

Q. C. Tessier?—A. Yes.

Q. L. Mercier & Co.?—A. '94, I don't think so.

Q. 1904?—A. I think later I paid a bill for somebody else to Mercier, I didn't lend him money direct.

Q. You think later than 1904?—A. Yes, I think I paid a bill for another party to him.

Q. Huot?—A. I may have let Huot have money.

Q. Marchand?—A. I think so.

Q. Coté?—A. What Coté, Jean Baptiste?

Q. Yes?—A. No, sir.

Q. Is there another Mr. Coté here?—A. No, I don't think I ever lent him any money.

Q. J. A. Drolet?—A. What would he do?

Q. Butcher?—A. I never lent him anything.

Q. Berriaux Racine?—A. I never lent him anything, sir.

Q. Those that you have named then you received certain compensation from during the year 1904?—A. Yes.

Q. What additional firms or persons in 1905?—A. I think pretty nearly the same people.

Q. Pretty nearly the same people?—A. Yes, 1904, 5 and 6.

Q. Then can you give me any additional name in 1905 or 6?—A. Really, I don't remember.

Q. You don't remember?—A. No; if I did it is in this book.

Q. And in 1907?—A. I think all these people about went right through the three or four years, three years anyhow, they were always wanting money.

Q. But for the moment you do not think of any additional names?—A. No, I don't .

Q. You might tell perhaps by a glance at the bank-book, could you definitely?—A. I will try and look over my index to see if I can find anybody. I think you have them all. Well, there is nobody in the city here. There are one or two people who got money out of town. A man from Boston came here by the name of Baker, I lent him some money to get away with.

Q. All I want is the name. Baker of Boston?—A. Yes, sir.

Q. Another name, please?—A. A man named Gillespie.

Q. Another, please?—A. I think I lent some to Jean Baptiste Morin, tinsmith.

Q. J. B. Morin?—A. Yes.

Q. Next?—A. Oh, well, I lent some to—not dealers regularly. You are talking of dealers from whom I got some pay or compensation?

Q. Yes, compensation?—A. Well, I lent to some officers in Ottawa. some departmental officers.

Q. Their names, please?—A. A. W. Owen.

Q. Yes?—A. Mr. W. W. Stumbles.

Q Yes, next?—A. I lent some to a man called—no, that is a small affair, not orth talking about. Thomas Ryan, carter here.

Q. Yes?—A. But did not get any compensation, I got no compensation from yan

Q. Next?—A. Samson & Filion. You have got them.

Q. Yes?—A. Thibidaud you have got. I think I lent some to P. E. Ritchie.

Q. Yes. Next.—A. One moment, please.

Q. Take your time.—A. My sight is very bad, sir.

Q. Yes, whatever you wish.—A. I think that is about all.

Q. About all you think of just now.—A. Well, it is all I have got there. I have one to hide. I do not want to hide anybody. There has been no secrecy in my ctions.

Q. Just wait, please, have you any other book than this?—A. No sir.

Q. In which the names or accounts appear?—A. No sir, I had one in 1904, but has disappeared. I do not know where it is, but it would not be any different rom that. That will show as much evidence as the 1904 would. Then I had nother book in which I put down the interest owing to me by the Department of Iarine and Fisheries.

(Witness' book marked Exhibit 186).

Q. I will come to that.—A. I want to come to that.

Q. Then you got your bank-book here ?— A. I have, sir.

Q. Kindly produce it.—A. I have two of them.

Q. 1904, 5, 6 and 7?—A. I think so. There is one. The first one was with the 'eople's Bank of Halifax.

Q. Yes. This commences December 1, 1902, and continues—A. Until the bank 'as closed up and went over to the Bank of Montreal. If that is the Halifax bank ou will find I am overdrawn for $30,000 in some place there.

Q. Yes. It continues till some time in 1905, I think?—A. Yes.

(Witness' bank-book marked Exhibit 187).

Q. And the other book?—A. Hochelaga.

Q. Commencing April 22, 1905?—A. Yes, that is the Hochelaga bank.

Q. And continues?—A. Up-to-date.

Q. Up to the present time?—A. Yes.

(Hochelaga bank-book marked Exhibit 188).

Q. Did you deposit in the bank to your credit the moneys that you received uring those years from Mr. Davie?—A. Davie?

Q. Yes.—A. Did I deposit in the bank?

Q. Yes.—Oh, they went into my general deposits. I have nothing to show that as deposited.

Q. No doubt it went into your general account?—A. I had a general account.

Q. Yes. Do you recollect in what denomination of bills the money was paid o you Mr. Davie?—A. I don't.

Q. Did you give to Mr. Davie any receipt for the moneys?—A. Never.

Q. Did you personally see the cheques which he had written out on which he ot the money?—A. No, I don't think so. I think they were given to me, I think got it in money.

Q. Was anyone present when the payments were made to you by Mr. Davie?—. It is not likely.

Q. Not likely. Will you show me in your books the receipt of the money from Ir. Davie?—A. No sir, I cannot do it.

Q. Not there?—A. No sir, nowhere, nothing that I ever got.

Q. Entered in any book?—A. No, it went into my bank-book, my general ccount.

Q. Did you report to the Minister that you had received this money from Mr. Davie?—A. Did I report to the Minister?

Q. Yes.—A. Never.

Q. Or to the Deputy Minister?—A. Never.

Q. Or to any official?—A. Never.

Q. Did you report to him or to them the receipt of other compensation?—A. Never.

Q. Mr. James Murphy produced, as you will recollect, many cheques?—A. Yes sir.

Q. Which were given to you?—A. Yes sir.

Q. You received those cheques?—A. Not given to me; paid to me for my endorsation.

Q. Which were delivered to you?—A. Delivered to me, yes.

Q. Did you deposit these cheques in your bank-account?—A. Well, I really don't remember. I presume I did.

Q. Then do I understand that you have not any entry of the receipt of those cheques in your book?—A. No sir. It went in to recoup my over draft at the bank.

Q. I see, it went in to recoup your over draft?—A. In the bank. I was very deeply indebted to my bank.

Q. Then can you tell the total amount that you received in that way from the persons with whom departmental dealings were taking place in the year 1904?—A. Can I show——

Q. Can you tell your approximate total amount you received for 1904?—A. No, I cannot, sir.

Q. The total amount in 1905?—A. I cannot.

Q. 1906?—A. No sir, I cannot.

Q. In 1907?—A. I lent all the money that was asked of me.

Q. In 1907?—A. I lent all the money that was asked of me and I charged for it.

Q. Yes. And I understand you to say that you never made any report to the minister or any official of the payment or receipt of any of those moneys?—A. I had no right to make it to him; that is my private business.

Q. And what you have said with regard to the receipts from Mr. Murphy applies to all the receipts from all the other persons you have named?—A. The same thing, sir. My private, my private business. The department had nothing to do with my advancing money, not the slightest in the world.

Q. You recollect, Mr. Gregory, that Mr. Mailloux, who is the accountant—A. Yes sir.

Q. Produced two books containing entries.—A. I gave him the books.

Q. You gave him the books?—A. Yes.

Q. I understand that the entries in those books are correct to the best of your knowledge?—A. Well, they were intended to be correct to account for the money I got from the department.

Q. Yes, that is enough. Intended to be correct?—A. Yes sir, and I used Mr. Murphy——

Q. Wait, please.—A. I used Mr. Mailloux to see they were kept correct, to keep me straight.

Q That is all right, thank you. During these years, 1904, 5, 6 and 7 were you personally familiar with the current wholesale prices of goods and other supplies purchased by the department?—A. I familiarized myself every way possible, took every means in my power to ascertain prices.

Q. Yes. Then during the same time were you personally familiar with the retail prices?—A. We dealt only with retail men on the patronage list, and none others.

Q. And do you know what is meant by Quebec prices?—A. Pretty well, sir.

Q. You do?—A. Indeed I do.

Q. What difference, if any, is there between Quebec prices and retail prices?—A. Quebec prices and retail prices in Quebec?

Q. Yes?—A. Quebec prices and retail prices?

Q. And ordinary current retail prices?—A. Quebec prices and ordinary current ices?

Q. Yes, ordinary current retail prices outside of Quebec?—A. Oh, I cannot tell u that. I never went outside of Quebec. I took good care to give the trade in uebec and keep it in Quebec; those were my orders.

Q. Then do you know?—A. Those were my orders. They took good care that I llowed them, too.

Q. Yes. Then, Mr. Gregory, do you know whether the Quebec prices were higher an the ordinary retail prices outside of Quebec?—A. I have every reason to believe ey must be higher.

Q. That will do.—A. Because they have——

Q. That will do.—A. I have every reason to believe they are higher.

Q. Thank you.—A. But I could not take advantage of that.

Q. That is all right. Did you know that Mr. Schmidt received money?—A. ever.

Q. To which reference has been made?—A. None of those people. I never heard it until I heard it in Court, not a single one of them.

Q. Do you think being officials that they were right in taking the money?—A. at is a matter they have to answer, sir; I cannot answer for them.

Q. Well, can you answer as head of the department here, you were the chief agent, ey were under you.—A. And give no consideration for it?

Q. Can you answer it now, did you think they were right as officials in taking e money?—A. Do I think them right as officials for taking money for no services rformed?

Q. Just what you have heard.—A. Well, they have answered that question, they ought they were right. I don't see why you should ask me whether I think a thing right, because I know nothing about it. I don't want to know what another man ought or what I should have thought, if I did know, because I didn't think and had chance of thinking.

Q. Then I will put it to you in another way. Would you have permitted it to done if it had come to your knowledge?—A. For men receiving money for not ving done anything further than their duty?

Q. Yes.—A. Never.

Q. If you had known it would you have reported it to the minister or deputy nister?—A. I certainly would have done so.

Q. You certainly would. Did you accept drafts from any other persons than ose with whom you were dealing in the department—A. Oh, I have lent money tside of it, oh yes, I have speculated on money.

Q. During 1907 did you for consideration accept the draft of anyone else than a rson or firm dealing with the department?—A. No; but I refused a good many.

Q. You did not, then?—A. I don't think I did. No, I refused a good many. had no security—they had no security.

Q. And the same in 1906?—A. Any year. I would not let my money go unless knew I was going to get it back.

Q. In all cases you obtained a power of attorney from the person with whom e transactions were taking place?—A. Not one.

Q. A power of attorney?—A. Not one single one. They gave a power of torney to the bank.

Q. I see, power of attorney to the bank?—A. Yes, to collect their cheques and coup me by it.

Q. All right. Did you erect a hotel, the Laurentine?—A. I think I had better ve you the history.

Q. I do not want the history. Did you erect it?—A. No.

Q. You did not. How much about did that cost including improvements and pairs?—A. I first paid $400.

Q. Well, wait.—A. I gradually expended until it cost me $10,000, including furnishings and outfitting. I paid $400 originally for the whole six acres of land and the hotel and everything on the land.

Q. You furnished the hotel?—A. I furnished the hotel, gradually improved it from year to year until I must have spent very nearly $10,000. Not a very good speculation either just now, not last year, it may be some years.

Q. Was Mr. Legris employed in the department?—A. Legris?

Q. Yes.—A. Which Legris? There are several of them.

Q. There were several in the department?—A. Several.

Q. What were the names—the one who is a painter?—A. A painter?

Q. Yes.—A. Has he been employed? I think he is there employed yet.

Q. Employed in the department?—A. Yes.

Q. For the last four years in the employ of the department?—A. Yes.

Q. On a salary?—A. No, by the day's work.

Q. Did he build a barn for you at the hotel?—A. Did he build a barn?

Q. Yes.—A. He worked there for me with many others.

Q. Did you have a horse called picnic horse?—A. Picnic horse?

Q. Yes.—A. Upon my word, a horse called a picnic horse?

Q. Yes.—A. Never, I don't know what you mean.

Q. Used at a picnic?—A. Oh, a picnic party took place there.

Q. No. Did you have a horse that was used for picnic parties that was called a picnic horse?—A. Oh.

Q. Did you sell this horse?—A. Yes, to the government?

Q. That horse?—A. I don't remember selling any horse to the government.

Q. How much did you sell it for?—A. I had a very valuable horse that was picked up, oh yes, there was a very valuable horse belonging to the manager of the hotel there and that horse was picked up by the steamer and sold for what it cost, $140, I think.

Q. Did you sell one to the department for $250?—A. Never.

Q. Eh?—A. Never in my life.

Q. For $140?—A. I paid $140 for a very valuable horse, and the department wanted a horse. It was on the road down, and I think they picked up my horse. I did not sell it. My manager picked it up, the man who rented my hotel. I never ran the hotel, I rented it.

Q. Is Mr. Odell a relative of yours?—A. Yes sir, my grandson.

Q. Is Mr. Van Felson a relative of yours?—A. Mr. Van Felson, the manager of the bank formerly, yes sir, he is my nephew.

Q. Was Mr. Donaldson an employee of the department?—A. When he was not lessee of my hotel yes.

Q. When did he quit employment in the department, the same time as you did?—A. He quit the department in the month of April.

Q. This year?—A. He quit because he went down to take charge of the hotel that he rented from me.

Q. Yes, all right?—A. And he began in April.

Q. And you quit in April, too?—A. I quit in April. That is no reason why he quit, I would have sent him anyhow.

Q. Are the moneys that you received shown in the book?—A. Shown there.

Q. From the department?—A. Yes sir.

Q. As advances to pay wages and pay-lists?—A. When.

Q. From time to time you received such moneys from the department, did you not?—A. They had none for months.

Q. Just wait, please?—A. I furnished the department with money ,they had no money.

Q. Wait, please?—A. I am on trial and I have got to defend myself and I am going to do it.

Q. Did you receive moneys from the department?—A. When they had money to ive me.

Q. You received moneys from the department?—A. I was months without it and can prove it.

Q. Just wait, please. The moneys, for instance, at the beginning of each fiscal ear you received a specific sum of $5,000?—A. When they had any.

Q. Yes, when they had any?—A. Very often they had none. I had to——

Q. Wait, please. And then at other times you received other moneys?—A. What other moneys?

Q. Other moneys from the department, did you not, apart from the $5,000?—A. received my salary.

Q. But apart from salaries, the moneys that you received from the department or use in departmental matters, did you deposit such money in the bank?—A. Well—

Q. Yes or no, if you can say?—A. Hold on a minute. I am an old man, I have een a long time in the department, I may have committed many errors in my life, ut I have never commmitted an error which was intended to cause my department a ent of expense, understand definitely.

Q. Did you deposit these moneys?—A. I had a bank-account in which the depart- ient owed me at one time $30,000. Very well, I deposited the money back to re- oup me.

Q. Then the moneys you received from the department from time to time for epartmental purposes were deposited to your individual credit and mixed up with ou own moneys?—A. That is when the department was in my debt.

Q. That is so?—A. I had to recoup myself.

Q. Yes. Was there any occasion when you received money from the department nd did not deposit it to your own credit and mix it with your own funds?—A. Yes. hat is the time when I handed it over to Mr. Mailloux to take charge of, sometimes wo or three thousand dollars and sometimes one or two thousand dollars, for him o expend.

Q. That was in 1908?—A. Different times, sir, as soon as I got money from ie department I would recoup myself. Mr. Mailloux handling the petty cash and iings. I handed him over a large portion of it, which he kept a special account of.

Q. Then correct records were kept, I understand, in the department of the dates hen the accounts were sent to Ottawa, to the department there, is that so?—A. orrect accounts were kept in the department when they came in.

Q. When they came in?—A. But that——

Q. Wait, please?—A. Hold on. Do not choke me off, if you please. I am on ial. Do not choke me off. Please do not put any words in my mouth.

Q. Not at all. Then were correct dates kept when they were sent to Ottawa? -A. I think there were. When they were sent to Ottawa, yes, I think so.

Q. And when the cheques came back?—A. And when the cheques came back iere should be.

Q. That will do, sir.—A. Hold on, sir, I beg you will ask me another question.

Q. You have counsel.

By Senator Choquette:.

Q. Finish your answer.—A. I want further to state, my lord, that accounts came sometimes dated, for instance, put down the first of June, paid the 12th of June 15 or 20 days afterwards. Those accounts did not represent the accounts made in ie month of June; they represented accumulations of money, of amounts in those ccounts that had been running over for months. Sometimes an account like your vn grocer's—I beg your pardon, my lord, I should not refer to your lordship— man's grocer, he may be dealing in grocery and dry goods for days, and by and by ie account is brought in, sometimes a month, sometimes three or four months, when ey think they can favour you a little very often they do. Well, you get your

account made out of items extending over months. When this account came in it may have been put down for the 4th of June, but, good gracious, the purchases may have been made weeks and weeks before that represented in that account dated the 4th of June. As soon as possible my clerks would check those accounts, take off any amounts that were not correct, reduce them, as will be seen by red checks there. I never signed a cheque for an account until it had passsd through the hands of my checking clerks, and my orders were strictly never to allow one item to be charged at more than was the price fixed by tender every year. My lord, for years we have sent tenders to Montreal from the people who were on the list, and they took good care that I would send from nobody else on the list. Conservative or Liberal, I have been told by both parties, 'You must not be hard on our friends, Gregory, we want our friends.' And they did want their friends, Liberal or Conservative. I have been brought over the coals and told, 'You are too hard in cutting the prices down. How do you expect our friends are going to be our friends when we want our friends?' And I was never allowed to go to anybody else but the friends of the administration, Liberal or Conservative. I say upon my oath I have served them both as faithfully as I could. I have been confidential agent of every government since Confederation, and as to the loan of money, the first Minister of Marine and Fisheries borrowed money through me.

By Hon. Mr. Cassels:

Q. Have you got correspondence from Ottawa showing instructions not to go outside in purchasing?—A. Those things are not given by correspondence from Ottawa. When Sir Hector Langevin had direction of the patronage for the city of Quebec he took mighty good care that his friends were protected. There is no correspondence on that subject. I have a list—I beg your pardon, your lordship, I have a list of the people I am to deal with.

By Hon. Mr. Cassels:

Q. You stated to Mr. Watson you could have purchased outside of Quebec at cheaper prices than those you paid inside?—A. I did not say that. I was not allowed to go outside. I presume it could be.

Q. Let me finish.—A. I beg your pardon.

Q. The statement you made was, had you power or liberty?—A. No, sir, I had not.

Q. You won't allow me to put the question. If you will allow me to put the question then we can get an answer. As I understand, you stated that had you liberty or power to go outside of Quebec you might have got cheaper prices, but your instructions were not to leave Quebec.—A. There is correspondence, yes. I had correspondence with the department that on two occasions I was to consult the present Lieutenant Governor, who was then a strong politician in Quebec. He distributed the patronage. When the Conservatives were in power I was to consult Sir Hector Langevin, as he distributed the patronage. I did consult him. I had the misfortune to buy a knife from a Liberal by mistake, and there was official correspondence that I was dealing with enemies. I did the same thing when the Liberals were in power, I bought from a Conservative, and the same correspondence took place that I was favouring the enemy. That has been the case all through my life. My lord, I have tried to please, in my power, every government. I have no doubt committed errors. I do not claim I have not committed errors, errors of judgment, and I am afraid I have committed some errors of heart, because I have done all I could to protect the poor working men of Quebec, as well as the poor tradesmen. I have advanced thousands of dollars to help workmen, some down at the Straits of Belle Isle, and some now—not longer than a month ago a man came to me, there had been a death in the family and the father had not been paid for three or four months. There was nothing like merchants have, to advance a cent upon, and

hey have, even since I have been out of the service, come to my door and begged f me to help, and I have loaned them money. I have loaned money to the poor. I ave lost largely by it. I lost from one firm here, a strongly recommended firm, 15——

Senator CHOQUETTE.—$1,500 or $15?—A. $1,500. The man deceived me. He ;ot my money to pay duty on goods to get machinery. He had a shop something imilar to Drolet's. I helped Drolet when he first started in business. Even $400 vas asked by him as a favour—he was not always the rich Drolet he is to-day—and I lent him the money and have got a letter to prove it. I lent him $1,500 to help him buy goods. He came to me and said: 'If you cannot let me have it yourself try and obtain from your friends;' and I did so. I don't know, my lord, I have been placed in a very difficult position. I wish to God some of the ministers were alive to-day to come and protect me in this court. If the Hon. Mr. Prefontaine were here to-day he would be the first man to come here and protect me, because I am going to tell your lordship on the first official visit he made to Quebec he put his hand on my shoulder, and he said: 'Gregory, with your long experience you can be a great help to me, because I am bound to redeem the bad reputation of the St. Lawrence river, and reduce the heavy insurance and capture the shipping trade for the St. Lawrence, if I can.' And he did. He was a hustler, a worker. I said, 'Mr. Préfontaine, you will need a great deal of money.' He said: 'We will get the money.' Well, sir, when he could not get the money he asked me to get it for him, and I have it in black and white, 'Take every means in your power to raise money to carry on the business of the agency until the money is available.' Now, you know, we have had several long sessions, you know subsidies have been kept back for months, for months they have battled over subsidies. Only last year my present Minister was accused of everything evil, and he could not get the subsidies. Who furnished the money then? I did. And even on February 8 of last year, the present year, I got a letter saying: 'Take means to pay the men.' Where did I get that means? I got it through my credit at the bank. I had to take that means.

Now, sir, I could show you a chart of Anticosti Island which I made by special request showing a hundred vessels wrecked on that island alone. Now, sir, look. In ten years over a hundred vessels and lives were lost. I have sent down wrecking material and taken off people in a most distressful condition. I gave a lecture on that subject before the Literary and Historical Society. Well, that chart shows a hundred vessels lost. But when Mr. Prefontaine took hold of the department he put a lightship at Heath Point, he put a Marconi station at Heath Point, he put that island in that condition, he improved the whole river and gulf of the St. Lawrence. He would not wait for money. Prefontaine was a plunger, and when he hadn't money I usually went and obtained it, and he thanked me for it. Look to-day at the wrecks that have taken place, you can count them on your three or four fingers. The former state of things was due to want of proper protection. A vessel now can take her course there at Porteau and come up the St. Lawrence, fog or no fog she can rush through, where formerly she could not move. Even the *Indomitable* with the Prince of Wales on board was able to rush through Belle Isle and make record time in a fog. Where would you be without Prefontaine and his successor to-day, our present minister? When he came into power he inherited the condition of affairs, and I said to Mr. Brodeur the first time I saw him, 'You are going to have a hard road to travel'

Hon. Mr. CASSELS.—Mr. Gregory, I do not want to check you because you are on your defence, at the same time, I do not want to listen to a political harangue.—A. I want to protect my minister who is dead, my own minister is the man who led me where I am to-day. If I get money from Davie—I was told the poor men were able to pay and willing to pay two or three cents on the dollar to get money, 10 cents, because I have been told that when these men have $5 in their pocket they can buy eggs, butter and potatoes so much cheaper with their money in their pocket, that

if they paid 10 to 15 cents on the dollar they could make it on the first bag of potatoes. Well, sir, they got the money. There has never been a poor man who went without his money since I have been there. Many have been turned out of the service and I lost my money.

As I am on my oath here, this moment, sir, I have never in my official life done anything by which the Marine and Fisheries Department was the loser of one cent. I never gave one cent more to any man, I never consented to give one cent more to any man because he borrowed money from me.

Then some of them have said they could have done without me. Why did they come to me if they could have done without me? They came because they thought I could get the money, and everyone of these men said to me, 'With ready cash we can turn out the money four or five times while waiting from Ottawa.' Now, sir, it was put on some of my bills, and it is asked, 'Why did you mention it was a debt of honour and personal favour?' My lord, that was put on for the reason that I made it a point of honour with these men: You will not charge one cent over because I advance you this money. They say I dictated the letters; in many instances I did dictate the letters, taking the precaution if any accusations might come up later on that I was favouring those men to make 5 per cent. I had a right to my five per cent. I have lent money and I have had the right to see—I knew I was going to get it back if I lent it to people dealing with the department. Well, I was pretty sure some day to get it back, but very often I carried it over months before I got it back.

I am very thankful to your lordship for allowing me to say so much. I am a very old man, I have grown old in the service, I have been 43 years in the service, and I would not like to pass for a scoundrel.

Q. Did you ever write to Ottawa pointing out the urgency for the money?—A. Oh, well, yes, I assure you that I have written to Ottawa when we were $70,000 in debt here in Quebec to send me $25,000 or $30,000 for Murphy, Drolet, Samson & Filion, who were clamouring for their money. I have got those letters, sir, every one of them. Would your lordship like to look at them?

Q. No, your counsel will.

By Senator Choquette:

Q. To answer his lordship, will you produce one of these letters asking for money?—A. Well, I wrote one to the minister myself.

Q. Well, I will just give you a letter to answer that question.—A. The first one is directed to 'My dear Minister,' that is in 1894.

Senator CHOQUETTE.—May it please your lordship we have copies of the letters; the originals are all at the department.—A. That is one to 'My dear Minister,' and one to Owen.

Q We will begin with that of 1904. Will you look at this letter and say you received that from the department in answer to yours demanding money to pay the men and the accounts.

Mr. WATSON.—What is the date, please?

Senator CHOQUETTE.—That is dated the 13th June, 1904.

WITNESS.—Have it read out.

Senator CHOQUETTE.—Will you read the letter—I will read it. It is addressed to Mr. Gregory and signed 'F. Gourdeau.'

(Reads letter marked Exhibit 189).

That is just confirming the telegram produced the other day which my client was anxious not to put in because he was afraid it would be lost.—A. That is the one.

Q. This letter was in answer to your letter applying for money?—A. That is a confirmation of his telegram to me requesting me to furnish $10,000. Now sir, there are some more.

Q. Well, now, will you look at these copies of letters and telegrams exchanged between you and McGee and Mr. Gourdeau?—A. About what.

Q. Dated the 13th June, 1904 and August 1904, and see if they are telegrams exchanged between you and those gentlemen referring to money you wanted from the department.—A. This a copy of the telegrams. I have not the originals, they are in Ottawa.

By Mr. Watson:

Q. What is the date?—A. Here they are, sir, 1904. Have these read, if you please.

Senator CHOQUETTE.—The first one is from Mr. Gourdeau, dated 13th June, 1904. (Reads telegram).

(Telegram marked Exhibit 190).

Q. Now, there is one from you to Mr. McGee. I think the Deputy Minister, Mr. Gourdeau, was away probably. (Reads telegram).

(Telegram marked Exhibit 191).

The answer from Mr. McGee is as follows. (Reads).

(Telegram marked Exhibit 192).

Q. Who paid those men?—A. I paid them.

Q. Who paid even their tickets to send them back to Boston?—A. I paid their tickets and board and sent them to Germany and paid off all the crew with my own money.

Q. Now, will you look at these two letters written by you to Mr. Owen, accountant, I believe of the Marine Department, Ottawa. The first is the 29th June, 1904. and the second the 8th of July, 1904.—A. I insist upon their being read. I want, my lord, to have them read.

Q. The secretary will, perhaps, read them. They are very important, they are very long.

Hon. Mr. CASSELS.—I know, but I have to hear them.

Senator CHOQUETTE.—Yes, my lord. I will ask the secretary to read them.

(Secretary reads letter of 29th of June, 1904, marked Exhibit 193.)

WITNESS.—Last fall. When was this dated?

By Senator Choquette :

Q. The 29th of June.—A. That was in November. I was all the winter without my money.

Q. The next one is 8th of July, 1904.

(Secretary reads letter of 8th of July, 1904, marked Exhibit 194.)

WITNESS—What date is that, sir?

By Senator Choquette:

Q. This is the 8th of July.—A. Then I had paid them in the fall, six months before. That shows the position I was in, sir.

By Hon. Mr. Cassels :

Q. Allow me to ask you a question. You got these advances from the bank ?—A. I did sir.

And the bank no doubt charged interest for these advances ?—A. Certainly. I paid it out of my pocket.

Q. Was that interest subsequently recouped you ?—A. Not one cent of it, not one cent. I got——

Senator Choquette :

Q. That is our position.—A. I got it where I could, and when I spoke to the minister——

By Hon. Mr. Cassels :

Q. These moneys seem to have been procured on the instruction of the government ?—A. On the instructions of the government. I have got them here.

Q. I want to know whether the interest the bank would charge for those over drafts was ever recouped, or did you pay it out of your own individual money ?—A. I paid them out of my own individual pocket, and my banker will come up and tell you I was charged regularly and paid it. My lord, then I was told——

Senator Choquette :

Q. Not now.—A. I was told how to get it.

Q. I know, but later on. Will you look at this letter of the 30th of March, 1904, written by you to the minister himself.—A. That is the Hon. Raymond Prefontaine.

Q. And see if it is a copy of the one you sent to the minister.—A. A true copy.

Q. Which minister ?—A. The Hon. Mr. Prefontaine.

Q. I ask the secretary to read it.

(Secretary reads letter marked Exhibit 195.)

Q. Did you have an answer to that letter ?—A. Yes, sir.

Q. Long after ?—A. I had a letter.

Q. The answer you had is a telegram dated 26th April, 1904, from the minister. —A. That is the minister himself.

Q. A telegram from the minister himself, dated 26th April, 1904. That is the original telegram, reading in the following words (reads telegram.)

(Telegram marked Exhibit 196).

Q. Who was that gentleman named Mr. Prefontaine ?—A. The Minister of Marine and Fisheries.

Q. He was the minister himself ?—A. Yes.

Q. Now, Mr. Gregory, did you furnish the money asked for by this telegram to pay those poor men there ?—A. Certainly.

Q. Did you charge one cent ?—A. Not one cent.

Q. Did you charge one cent to the men for the money you gave for their wages ? —A. Not one cent.

Q. You paid them to the last cent ?—A. I did.

Q. Did you charge the government ?—A. Not one cent. I wish I could have done so.

Q. Has the government recouped you one cent for all the interest you paid on the money you advanced ?—A. Not one cent, not yet, I have never got a cent to this day.

Q. And you never asked for it either ?—A. I did, but they told me they had no means to pay interest on anything, I was to get it the best way I could. That is my evidence.

Q. Who told you ?—A. The minister himself.

Q. And the officials ?—A. I had nothing to do with the officials, except this deputy minister, to get money, I had no conversation with any officials; my business was with Mr. Prefontaine, whom I was helping to carry out his schemes.

Q. But there are some advances subsequently. When did Mr. Prefontaine die? —A. In 1905, I think, but the system existed.

Q. I know, but have you spoken to anybody else than Mr. Prefontaine making a demand or claim to get the interest which you had to pay on behalf of the government?—A. Well, I only learnt, I was told that there was no means of the government recouping any interest unless there was a special arrangement made.

Q. Unless there was a special vote of the House?—A. There was no interest to supply to me.

Hon. Mr. Cassels.—I should have thought that when directed by the government officials to obtain money in advance to meet the necessary exigencies of the situation,

it only needed asking to have the government recoup him the necessary outlay he was responsible for.

Q. That is 1904?—A. 1905.

Q. Let us go a little further. In June, 1904, did you have some correspondence with Mr. Owen and Mr. McGee?—A. Yes sir, I did.

Q. Will you look at these telegrams and see if they were sent to those gentlemen about money matters?—A. Yes sir, read them.

Q. Will Mr. Morse read these telegrams?

By Mr. Watson:

Q. Are these originals?—A. They have the originals. I swear those are true copies.

(Secretary reads telegrams of August 18, 1904 to A. W. Owen from J. U. Gregory and of 19th August, 1904, to W. L. McGee from J. U. Gregory marked Exhibit 197 and 198).

WITNESS—That was in November she came.

By Senator Choquette:.

Q. In a general way, from 1904 to last winter?—A. Yes sir.

Q. Has been about all that?—A. Yes sir.

Q. Will you look at this original one and see if this telegram is in answer to one to the department asking for money to pay expenses of the department ?—A. Yes.

Q. A telegram from Ottawa dated April 25, 1905 from Mr. Gourdeau to you. Reads telegram marked Exhibit 199.

Q. There is another telegram, an original, too, look at that and say what is that telegram?—A. This is 1906, this is a telegram to Mr. Mailloux, the chief accountant. I presume I was away at the time. Yes, I was away, I was down the river.

By Mr. Watson:

Q. What was the date of it, Mr. Gregory?—A. May 28, 1906, is it not?

By Senator Choquette:

Q. Yes.—A. This telegram referred to an application made for funds. Mr. Boudreau was acting as the accountant.

Q. At Ottawa?—A. At Ottawa. He telegraphs to Mr. Mailloux, who wanted money, to the following effect—when he refers to spending his own cheque, that is for a little private loan he had had, that he was sending his cheque to cover, that had nothing to do with the rest.

(Read telegram marked Exhibit 200.)

Q. Drawn on Mr. Gregory, that is Samson & Filion?—A. Yes. My worst creditor was the Department of Marine and Fisheries,—my worst debtor.

Q. Now, coming to this very year, Mr Gregory.—A. 1906.

Q. Yes. Will you look at this telegram. Last fall, in December, you had to put out some men because you had no money.—A. I put off 115 men because I had no money to pay them last fall, 1908—1907.

Q. Were these men taken back?—A. Every one of them.

Q. Were they taken back?—A. Every one by this telegram.

Q. Under this telegram?—A. They were all taken back.

Reads telegram of 9th December, 1907, from Mr. Gourdeau to witness marked (Exhibit 201.)

Q. Now, when you received that telegram you must have written back to know where you would get the money, you must have done that.—A. Show me that. I cannot remember anything.

Q. This must be in answer to a letter you sent to Ottawa in order to follow the date, you know.—A. What is this, February? What date is that, the 8th?

Q. That is January 22, 1908. That must be in answer to a letter you sent to Ottawa asking for money.—A. That is it, sir.

Reads letter of January 22, 1908 from Mr. Gourdeau to Witness marked Exhibit 202.

Q. This is in January?—A. Yes.

Q. And the men were going to be paid in April?—A. Yes, that is January.

Q. Now, will you look at this telegram, and say if this telegram refers to money matters in connection with this very boat, the *Princess,* that was going to be repaired?—A. Yes, read that, sir.

Q. This is a telegram dated 8th of February, 1908 from you to Mr. Gourdeau.

Reads telegram marked Exhibit 203.

Q. Well, is that the——A. That is the answer I got to that, sir, the 8th of February, 1908.

Q. This very year?—A. This very year.

Q. This is the letter dated February 8th, 1908, from Mr. Gourdeau to you.

Reads telegram marked *Exhibit* 204.

WITNESS.—The old story, sir.

Q. Don't have so much to say?—A. I have something to say. I want to talk.

Q. You will get a good oportunity to talk?—A. You won't crush me out. I want to tell the truth.

Q. By this letter you were asked to make arrangements to pay the wages?—A. Yes.

Q. Did you make arrangements?—A. Yes, I got the money out of the bank, my own money.

Q. Did you charge interest to the government?—A. How could I?

Q. Did they pay you? Did the government pay you any interest?—A. They never paid me a cent interest, they never increased my pay even.

Q. Once for all upon your oath, did you ever charge one cent to the government for money, the thousands of dollars you advanced for paying wages?—A. Never one single cent.

Q. And money was never sent to you to pay the bank interest on this money?—A. I never charged one cent and as God hears me, I never allowed a man to charge more than what was right.

Q. When you advanced money to all the parties mentioned you charged 5 per cent?—A. Yes, and the government got more than half of it to pay—that is one of the reasons why I advanced money, and they speculated on me and I speculated on the others.

Q. That is exactly the position?—A. That is business.

Q. That is correct?—A. That is business.

Q. Now, Mr. Gregory, I wish to draw your attention to one point—and I beg your lordship's attention for one moment—to exactly illustrate the position. You charged 5 per cent to all these people on the money you advanced them or the drafts you accepted from them to get the money?—A. Yes, nothing else.

Q. Did you charge 5 per cent on the orders they got from the government without lending them money?—A. What?

Q. Would you have charged 5 per cent on the orders they got from the government without you had loaned them money?—A. I did not charge 5 per cent on the orders. You are not putting it right, sir.

Q. No. If you charged 5 per cent—— ?—A. How could I charge 5 per cent, to whom?

Q. Excuse me. If you charged 5 per cent, you charged it on those who got money from you?—A. I charged 5 per cent on the money I loaned them, and the government got the best of the 5 per cent.

Q. Take one instance, Belanger said yesterday he sold to the government about $10,000 during the last three years?—A. Yes.

Q. Is it not a fact that you charged him 5 per cent at least a little over $100 deducted on your own account on the amount of $24.00 you endorsed for him?—A. That is all.

Q. That is all. And all the money over the amount of the draft on the orders that he sold to the government you never charged him one cent?—A. That is one man whom I did favour.

Senator CHOQUETTE.—I think your lordship understands the point I wish to make.

Hon. Mr. CASSELS.—I understand all he advanced to Belanger was $2,400, upon which he charged five per cent.

WITNESS.—I did not charge five per cent on the whole.

Senator CHOQUETTE.—That is the point I wish to make, because it has been said at some time—I do not want to come back to that—and the question has been put that way, not that is was the duty of the gentleman to put the question, in order to show he was charging five per cent on all the amount of the orders, whether he advanced the money or not. I take that very case of Belanger to show he charged five per cent interest or discount on only the amount of the draft or money loaned.

WITNESS.—That is all.

Senator CHOQUETTE.—I wish to make that point very clear, so that it may not go out to the public and the press.

Hon. Mr. CASSELS.—Have you got the correspondence between Mr. Gregory and the government as to his claim for interest on moneys which he advanced?

WITNESS.—No; I was told I could not get it any way.

Q. Have you copies of your letters?—A. I never wrote about it. I spoke and I asked for it. I was told to try and get it somewhere else.

Q. That is why you said about taking five per cent?—A. Not altogether. I got some from somewhere else, I asked friends to help me and they did help me.

Q. I would like to see the correspondence, if there is any.—A. There is no correspondence.

Senator CHOQUETTE.—My lord, I would——

WITNESS.—One moment, sir. I am in command now.

Q. I will leave you in the hands of the court.

WITNESS.—Well, let me alone.

My lord, I have been a confidential representative of the Department of the Marine and Fisheries since confederation. So I have received confidences that I will never mention, even in this court. Some of the men who gave me their confidence are dead.

By Hon. Mr. Cassels:

Q. What I would like to know is this. These telegrams you produce would indicate the government were asking you to procure money, but for government purposes.—A. Yes, decidedly.

Q. The necessary indication would be that if you procured the money you would necessarily have to pay interest in order to get it advanced.—A. But they would not pay it. I spoke to them about it, I did not write about it.

Q. One would have thought that had the request been put properly the government would have recouped upon the interest on those moneys.—A. The request was put properly, but not in writing.

Q. How was the request put?—A. I saw the minister here and spoke to him very seriously.

Q. When was that?—A. Mr. Prefontaine.

Q. But there are some advances subsequently. When did Mr. Prefontaine die?—A. In 1905, I think, but the system existed.

Q. I know, but have you spoken to anybody else than Mr. Prefontaine making a demand or claim to get the interest which you had to pay on behalf of the government?—A. Well, I only learned, I was told that there was no means of the government recouping any interest unless there was a special arrangement made.

Senator Choquette :

Q. Unless there was a special vote of the House ?—A. There was no interest to supply to me.

Hon. Mr. CASSELS.—I should have thought that when directed by the government officials to obtain money in advance to meet the necessary exigencies of the situation, it only needed asking to have the government recoup him the necessary outlay he was responsible for.

Senator CHOQUETTE.—I understand. But, your lordship, suppose the interest amounted to $10,000, they would have to go to the House to get a special vote.

Hon. Mr. CASSELS.—The government could have done that.

Senator CHOQUETTE.—But you will understand the government would be blamed for going on with work without money, and they did not care to let the House know. I do not say it is right, but it is exactly the position. Supposing the government came to the House——

Mr. WATSON.—You are getting outside of the evidence.

Senator CHOQUETTE.—But I am explaining the reason why he did not get the money.

Hon. Mr. CASSELS.—He did not get it, that is all.

WITNESS.—I did not, I could not.

Senator CHOQUETTE.—If the government had directed him not to go on with the work as they could not get the money, that would be an answer to the position.

Q. Now, Mr. Gregory, I just wish to put to you a question.—A. Put it in French if you wish, never mind.

Q. The French reporter is not here. I would just like you to give a little explanation about the Davie money that you received.—A. Yes, sir, and you are going to get it. I haven't it in black and white as I have the others. I spoke to the Hon. Mr. Prefontaine about my position, and he said, 'I cannot give you any money. There is no vote for interest, you cannot get interest.' I said, 'Where will I get it? I cannot get the poor men to pay it, they can't afford to pay it.'

Q. There is no use repeating that. I just wish to put the question to you about that, is it not a fact that you have been very friendly with Mr. Davie, the old gentleman, and the present firm?—A. Very

Q. And you very often sent to them the captains of boats, strangers to the place to induce them to go to the Davie dry-dock for repairs to their boats, and that is the way sometimes they would make you presents.—A. I was very friendly with Mr. Davie and when anybody came here requiring repairs I referred him to Davie. I do that now. I did not think that a reason for me to ask Davie for anything, but I certainly was on such terms with Davie that when my minister said, 'Try and get some money out of those who can afford to pay it,' I said, 'the only honourable man I would trust myself with is George Davie. He is an old friend of mine. I will go and tell him what it is for, and if he will lend me the money I will take it.

Q. You did not repeat it ?—A. No, I have not.

Q. This is about the position. I just wanted to know. You were sending orders to Davie, you were sending friends to Davie to use his dry-docks?—A. Whenever I had a chance I did so.

Q. Had you anything to do with the selling of his wrecking plant to some friends in New York ?—A. I tried to.

Q. And you got some money for expenses?—A. You don't go to New York without plenty of money ? I was sick myself and had to take a man with me to help me. No. New York is a pretty expensive place.

Q. Now, Mr. Gregory, I just wish to put a question to you about what they call Quebec prices. You said the prices here in Quebec were perhaps a little higher.—A. Perhaps, I do not know. I presume they may be.

Q. Now give me an explanation of the reason that they must be a little higher than those in Sorel and Montreal where large orders are given and the material kept in government stores.—A. Well, my lord, it has never been the policy of the Department of Marine and Fisheries until now to have any stores at all. We had no building to put them in, no storehouse to receive them. At one time we bought 50 or a hundred cases of plate-glass, and it took 10 years to use up, and it was moved around so much in the meantime that one half of that was broken. The fact is every item we purchased—this is one of the reasons for retail prices—every purchase was made chargeable to the service it went to. Now, there are over 150 lighthouses. If I bought a keg of nails, two gallons of oil for a lighthouse, 10 pounds of cotton waste, lighthouse machinery and some other articles, a few tools, a few things of that kind, they were charged direct to that lighthouse, the account was an individual account for every service. If the *Druid* got anything, it went straight to the *Druid.* If we wanted two plates to repair the *Druid,* we got two plates, we did not get a ton. Consequently we bought retail. Sir, I was put in the hands of the retailers, Samson & Filion; they are retail and wholesale; I suppose they all say the same thing, but we did not give an order by wholesale. If we wanted a few things for the *Druid, a* few fixtures, an injector—they say, sir, we could have got them much cheaper, but I say there is a mighty big difference between an injector for a boiler of a ship in salt water than one in a mud puddle up above. Then, if we wanted rope for use at the wharf, I say we did not buy common rope, but the very best rope I could get, and there was a special direction to pay 16 cents. My dear sir, there is rope and rope, pure Manilla rope and very poor rope. You do not buy pure leather boots at $1 a pair, but you pay $5 or $6. I could get brooms at two and a half, but if I would have to buy two dozen to do the work of one dozen. They may say they are four cord; there are four cord brooms that length and as thin as that (indicating), four cord brooms that long and as thick as that (indicating). I have been brought up in business and bought the best. Now, it is to my personal knowledge I could get for 11 cents what they paid 14 cents for in Montreal. I know at the present moment they thought they were paying too much for brooms here and that they could get them cheaper in Sorel. Well, I bought at $3 what they are paying $4.20 for since I left, because they wanted good brooms. Then we were reproached in the House of parliament because we paid 80 to 90 cents for shovels. A man up there, Taylor, said he could sell them for 60 cents, but Taylor's shovels are not of the same quality. Ours is first-class No. 6 steel scoops. I got value for my money. I bought the best of everything.

Now, coming to the prices of Montreal and Quebec. We would give our orders for a boat in a hurry to get away to supply the lighthouses. We had no time to go to Montreal for two or three dollars' worth of turpentine. It fluctuates from 60 cents to $1.10, and I have seen the lighter coloured marked from one up to two dollars. Many of our goods fluctuate immensely. I was told by the public press to buy pork in Halifax, that it could be bought there for $17.50 a barrel, the best pork. That is a lie. There is no such pork in Halifax. The pork they sell at $17.50 roams on the beach and lives on decayed fish heads and is not Canadian pork. We have always had Halifax thrown at us as a mighty cheap place. I have taken up Halifax myself and found their prices were a mighty sight dearer. They bought bacon in Halifax, but it is not our bacon. I don't pass for a fool in this matter.

Q. According to your own information you did not pay more than the value of the goods you got?—A. I did not, nothing would induce me.

Q. When there is comparison between prices, and the Quebec prices seem to be higher, it is because the goods are better?—A. I tell you another thing, sir. Every year tenders were received from the friends of the administration, from the men on my list for all kinds—pork and flour are things that fluctuate, but every year my clerks, and Mr. Mailloux will corroborate that on oath—we received every year a list of prices obtained from Samson & Filion and everybody else. Some of the people

charged more, some less. There was a price book prepared and the department expected those prices from those people here, that is to say every account came in on those prices with strict order from me that no deviation was to be allowed. There is a letter I had here two or three days ago where I advised the department to fix their own prices so as to save the agent from the reproach of partiality and even waste.

Q. What you produced a few days ago?—A. I want that produced. I had no other resource than the department's friends, and I repeat to you I was told to take care of the government's friends.

Q. By every minister?—A. Every minister, Conservative or Liberal, the whole system has always existed. They had no money, and I got it and got the interest where I could. This is not new, but this is a condition of affairs Mr. Brodeur has inherited. Now it is proposed to change it. I hope he will do it. It will relieve my successor immensely, and I believe Mr. Brodeur is honestly doing the best he can. I wrote him at Christmas stating that I admired the caution and care he was taking to extricate his department from the troubles it had got into.

Q. Now the last question, about advances you received from the department. Those are the advances that are mentioned in those books?—A. That the department owed me.

Q. And when you had those it was to recoup you the money you had advanced?—A. Yes, my, lord, I would like to terminate my evidence to-day. I do not intend to attend this court again. I am too sick. It is very depressing to me and I have not slept for nights. It is not my intention to return to this court. I do not see why I should. If I have done anything wrong I leave you to be the judge. You will judge it anyhow. It has never been my intention to do wrong. I have probably made mistakes of judgment, mistakes probably due to a little bit of zeal, too much zeal, and probably from being a little too good-hearted to those who wanted me to help them. That is all I have to say.

Hon. Mr. CASSELS.—Have you any further questions, Mr. Watson?

Mr. WATSON.—Yes, my lord, just a few.

Q. Mr. Gregory, with regard to the officials at Ottawa whose names you have mentioned. For instance, Mr. Owen's name, did he get any portion of the money you received?—A. Never.

Q. From the people with whom the dealings took place?—A. Never. I merely mentioned I lent him money, but not one cent from any one of those people I mentioned. I lent them money simply to show there was no secrecy in what I was doing, not only that the department was borrowing money from me, but that the officials were borrowing money from me. They knew I was a lender of money, whether it was wanted by the department or others, and I did this out of kindness and never charged interest or anything else. In fact, in some instances I had to sue and it was years before I got paid back again. I had to take legal proceedings, and in some cases I lost altogether.

Q. Then what officials do I understand from you you loaned money to at Ottawa?—A. Do you commence with 1904?

Q. 1904?—A. Oh no, those were the remains of other dates, they remained over, but before that there were plenty of them, but we need not go into them.

Q. What officials in the department were you lending money to during this period?—A. This period of 1904?

Q. Yes, 1904?—A. You have got all that I loaned, that is all my balances they owed me paid about that time. My book will show when I got paid.

Q. Your book will show you loaned the money?—A. That I had loaned it.

Q. Before 1904?—A. Yes. That was what was remaining unpaid.

Q. I see. And has it since been paid or not?—A. Yes sir.

Q. In all cases?—A. Yes sir, they have all paid up.

Q. You mentioned three names?—A. Mr. Stumbles, Mr. Owen, and who is the other, I don't remember?

Q. I thought you mentioned another name?—A. There had been, but that was long before, after I had settled with him.

Q. Then after 1904 was there any official at Ottawa who had to do with accounts or otherwise, who was indebted to you?—A. I think I have accommodated, lent a man $50 to get home with, to pay his travelling expenses when he was short of money. No, nothing at all.

Q. Nothing?—A. No, nothing to speak about. I may have lent a man when short.

Q. You mentioned the name of Mr. Bordeau?—A. I mentioned Bourdeau. He came here and ran out of money. I don't think this should be mentioned in the case. I am sorry it was mentioned at all. I am sorry I did not draw my pen through it. It does not affect the matter.

Q. And those parties who received money from you, you say have repaid it?—A. I got my money back. I took good care to get it back, to take the means to get it.

Q. After years. Did any of these parties know the character of your transactions?—A. Not at all. I had nothing to do with them. My business was my own business. I had nothing to do with them.

Q. You did not communicate that to them?—A. Nothing at all to them, I think, neither the deputy minister, no, I don't think even the deputy.

Q. What?—A. None of those officials know anything about it.

Q. Did the deputy minister?—A. No, nobody. My own minister did. Well, he knew that I had dealings with these people, no, but he knew I had lent to the government largely itself, he knew I had some debtors, for the government itself was my biggest one and the most ungrateful.

Q. Now, these parties whose names have been mentioned here, with whom you had the transactions, the transactions have been shown to be transactions you accepted their drafts?—A. After their accounts had been properly certified as being according to the prices allowed and fair and honest and received in good order and condition. Sometimes it did not represent a transaction at all. They wanted a loan of $2,000. that was not a transaction. And Mr. Murphy's case, if he wanted $1,800 he would pay in $1,875 or something so it would not show it was $1,800 clean, he didn't want it to be known as an accommodation to his bankers.

Q. I see. Now, Mr. Murphy's statements, I think, were that the payments to you in all cases were payments for acceptance of drafts by you for the amount of goods sold to the department?—A. Not always representing goods sold by a long chalk. And again, sir, I wish you to understand I was not going to take any risk without knowing how I was going to get my money, Mr. Murphy or anybody else.

Q. And from time to time there has been a great deal of correspondence of official record between you and the deputy minister and the department?—A. Yes.

Q. You have no doubt copies of all that correspondence?—A. Yes.

Q. And during this period, from 1904 to the present time, I observe by a copy of the correspondence that I have that there have been a good many complaints about some of your dealings?—A. In what instances, sir?

Q. Do you remember any of those?—A. No sir; but you should, if you have the document before you, sir.

Q. Well, I refer to a letter first of April 17, 1905?—A. Yes.

Q. By the deputy minister to you?—A. Yes.

Q. (Reads letter forming bundle of correspondence subsequently filed as Exhibit 205). You recollect getting that?—A. I recollect it, and I know why it was written.

Q. I do not understand?—A. Well, I do. You can read between the lines of that. I was to go on. That was simply put in to show that they were trying to work this, to keep within bounds. We could not stop our work. What is the date of that, sir?

Q. This is an official letter dated April 17, 1905?—A. Yes; and navigation opening and not one cent to pay the money with. I had to read it between the lines. It was well understood that that was done for a purpose, and nobody knows it better than the man who wrote it.

Q. This is written by Mr. Gourdeau?—A. Yes, that is all right.

By Hon. Mr. Cassels:

Q. You say you know what he wrote was not true, not intended to be taken as true?—A. I did not say it was not true, but there were telephones between my deputy and me, and I said 'What in the name of goodness am I to do? Navigation is opening, we haven't time to waste, four weeks.' He said, 'Well, go on. We have got to write such letters, we have got to show we are trying to keep the expenses down.' I tell you that on my oath, my lord, that I got through the telephone—'Never mind that, we have got to do it. They are written for the purpose of standing well with the Finance Minister, who refuses the money but the work must be gone on with.' This I tell you on my oath, and I did go on. These are some of the complaints on which I disobeyed orders. Well, that is an old story. Many things are done in government which appear quite different to what it is meant. Government letters and government acts are two different things. I don't care what government is in power.

Q. Now about the same time?—A. There was another one, there are some more.

Q. Now, about the same time, that is May 31, 1905, or a little after, I find a memorandum of record in this form. (Reads memo. forming portion of Exhibit 205.) That is signed J. F. Fraser and is marked approved by Mr. Prefontaine, R.P., and also by Mr. Owen, A.W.O.

Senator CHOQUETTE.—What date?

Mr. WATSON.—May 31, 1905.

Q. Was that communicated to you?—A. I think I got a circular to that effect. Yes, I did, but that you can read between the lines.

Q. Eh?—A. You can read a little of that between the lines. We had to go on with our work. This is a very good system, I hope they will put it in order now. It was not in order then. We followed the system we have followed since confederation.

Q. Now, I see a letter following that of June 6, 1905, directed to you. (Reads letter forming part of Exhibit 205.) Do you recollect that?—A. Is that addressed to me, sir?

Q. Yes?—A. Well, that was intended for the chief engineer.

Q. Well, it is addressed to you?—A. Well, that was carried out as far as it could be carried out and when that could not be carried out we were told through the telephone when we inquired, 'What are we to do, stop operations?' We were told 'No.' Father Point, that is not in my charge, I had nothing to do with that. That was made while I was absent. It went down there under some inspection, I had nothing to do with that account.

Senator CHOQUETTE.—Will you excuse me at this point. I have been thinking for a few days, I am thinking now. I have to defend my client to the best of my ability, and I wish to assure the court that what he says is true from the first to the last word about these very letters. Mr. Gregory has just stated that if you read between the lines you will find what they really mean, they are a blind, just to show they must keep well posted with the Finance Minister. I have the very letter here corroborating entirely Mr. Gregory, but this is a private letter dated December, 1905, some months after that.

WITNESS.—I don't want to put that in.

Senator CHOQUETTE.—Wait a minute. This letter is 'Private.' There are lots of things in it that have nothing to do with the department, but there is a part of it which refers to these letters. I am willing, my lord, to give the letter to you and my learned friends and to have that part put on the department's record, but I do not wish to put the whole letter in because there are other things in it entirely out of the department and which have nothing to do with it. I suggest that in order to show that Mr. Gregory is telling the truth, the whole truth and nothing but the truth, that in the face of these very statements things were told him by telephone and corroborated by this letter, which is private and written by Mr. Gourdeau. I am willing to

take from the letter the part referring to these letters and to make that part public. I think it is only fair to my client, fair to the public and fair for the sake of the *enquete.*

Hon. Mr. CASSELS.—Will you let me see it?

Senator CHOQUETTE.—Yes. I show it to you privately and have marked in blue the part which refers to these very letters. (Handing letter to his lordship).

Hon. Mr. CASSELS.—I do not see there is anything in that letter that need not be put in.

Senator CHOQUETTE.—There are some things.

Hon. Mr. CASSELS.—You need not read it.

Senator CHOQUETTE.—But I wish to put the part in which refers to these very letters.

Hon. Mr. CASSELS.—Why not put it in? There is nothing in it, there is no reason why it should not be read. I do not mean that it should be read out here, but put on the record.

Senator CHOQUETTE.—I am willing to put in the part which refers to these very letters, which I have marked in blue and which corroborates the evidence of Mr. Gregory.

WITNESS.—Draw a line through the rest of it.

Hon. Mr. CASSELS.—I think the whole paragraph ought to go in.

Senator CHOQUETTE.—Not outside the blue line.

Hon. Mr. CASSELS.—In the meantime the latter part ought to go in.

Senator CHOQUETTE.—But I should not like to bring in the names there. There are names there I do not like to bring in.

Hon. Mr. CASSELS.—As it strikes me I do not see a single thing in this letter of the slightest consequence, except that one paragraph.

Senator CHOQUETTE.—Exactly; but I do not like to put the other things before the public which are not necessary.

Hon. Mr. CASSELS.—There is nothing in that letter except personal congratulations and one thing and another.

Senator CHOQUETTE.—But the words following the blue mark I should not like to bring in because I know they are not true.

Hon. Mr. CASSELS.—Have you any objection to that clause going in?

Mr. WATSON.—I do not know what my learned friend is talking about at all.

WITNESS.—Why don't you read that portion of the letter? Never mind the rest of it, it does not affect me.

Hon. Mr. CASSELS.—That places Mr. Gourdeau in a very serious position.

Senator CHOQUETTE.—I cannot help it, his making a report one way and telling us another way.

Mr. WATSON.—My learned friend will have to be advised by his own proper counsels as to the course he will pursue.

Senator CHOQUETTE.—I am willing to put in the part which I am reading now——

Hon. Mr. CASSELS.—I think the whole letter ought to go in or none.

Senator CHOQUETTE.—I will see to-morrow if I can produce it, but I do not want to produce it to-day.

WITNESS.—There is nobody to hide but the man who wrote it.

Hon. Mr. CASSELS.—I do not see anything in that letter which should not go in.

WITNESS.—There is only the name of a certain person mentioned there that he did know. It is more probable he did not.

Senator CHOQUETTE.—I know he knows nothing. He will have to come down here and be sworn and state it is not true; but at the same time there is no necessity except to put in the part which refers to these very letters.

Hon. Mr. CASSELS.—If you know the other part is not true you could assume that the man who wrote the letter had no right to write it, and Mr. Gregory had no right to act on it.

Senator CHOQUETTE.—I don't know. However, I will leave the matter stand like that, and I will see to-morrow what I will do.

Mr. WATSON.—At all events, my lord, I should think there ought not to be any mysteries occurring here.

Hon. Mr. CASSELS.—None. You must judge for yourself to-morrow whether you will put it in.

Senator CHOQUETTE.—Yes. I will see about that to-morrow.

WITNESS.—I shall be perfectly satisfied if your lordship will make your own inference. You have seen it, you can draw your inference later on.

Hon. Mr. CASSELS.—I pass it out of my mind unless it is put in.

Mr. WATSON.—The next one, Mr. Gregory, if you will listen to it, is a letter written to you on June 8, 1905. (Reads letter forming part of Exhibit 205.)

WITNESS.—What is the date of that, sir.

Q. The 8th of June, 1905. Do you recollect that? Was that observed by you?—A. Well——

Q. Can you say yes or no?—A. Well, Mr. Watson——

Q. Yes?—A. There were a good many of those letters arrived. I telephoned to Ottawa stating, 'What am I to do, how long a time will it take to give me permission to go on with certain work wanted for the opening of navigation?' These letters came after the ships had gone to sea, these came after the door had been opened for the vessels to get out, these came after the navigation was in operation, these came when I had fitted out with telephonic permission the lightships and lighthouses and sent goods to the different lighthouses for the efficiency of the service. Mr. Watson, pardon me if I go a little far. My forty years' experience enabled me to do a great deal more than they knew what to do, for I had experience and knew what was required. In fact, I absolutely controlled that service for the best part of my life. I had got in the habit of opening and closing navigation, repairing boats and laying them up, without any instructions from Ottawa, and it is hard to break a business man into any such regulations in the face of the opening of navigation, in the face of trying to carry out his minister's view to try and redeem the bad reputation of the St. Lawrence. That was my object, zeal for the efficiency of the service. I will produce you letters from the different ministers thanking me for the aid I gave them in carrying on business, from the very first minister of the Marine and Fisheries Department, a Conservative, from the next minister, a Liberal, Mr. Albert Smith, Mr. McClennan, Mr. Pope, even one from Foster—to the best of my knowledge the celebrated Foster.

Q. Well, Mr. Gregory, I understand you assumed therefore to exercise your own discretion——?—A. I did not assume.

Q. As against the directions of your superior officials?—A. No. I wrote up and I had to take that as I took a lot of others, read between the lines.

Q. That is the letter of June 8, 1905?—A. No matter, I understood what it meant.

Q. Then I suppose you telephoned immediately on receipt?—A. No, the work had been done. That came in very well, that was no time to write to me. Why not stop the opening of navigation in March and February as they did in February, 1908, borrowed money to get the *Princess* ready for service in this very year, why didn't they stop us then? Why didn't they? You see very well by that letter of the 8th February, I was expected to get the *Princess* ready, whether there was money or not in February I was expected to get the *Princess* ready. And there was not a cent. Did it come in

April? No. The estimates were kept behind. Look at the fight at Ottawa for months. My minister was harassed to death, the Hon. Mr. Brodeur could not get a cent of money. No, my lord, the people were starving here almost.

Q. Mr. Gregory, will you try and restrain yourself a little.—A. Yes, a little bit, if I can. I am wound up, I am on the stand, I am the man who is being blamed. Pardon me Mr. Watson, if you were in my position you would share my feelings. My advice to you is, never take a situation as agent of the Department of Marine and Fisheries. For God's sake don't take it. I hope my successor will never be in my position.

Q. We will leave that to the Senator.—A. Thank you, for your kindness, I am an old fellow.

Q. I find, however, that the further correspondence up to the very last is apparently of the same character.—A. Yes, a good deal of that.

Q. A good deal of that?—A. That is not the first time. I had it twenty years ago, it don't amount to a row of pins. It meant, go on, get navigation open.

Q. You never paid any attention to it?—A. Yes, I read between the lines in this case. That is the old story, conservative or liberal. When a man has gone through the mill he has learnt something.

Q. Wait a minute. Take for instance the next letter, June 9th.—A. Hold on; is that my letter?

Q. Yes, written by you. (Reads letter part of Exhibit 205).—A. But that was aften navigation was opened.

Q. That would apply to anything in the future?—A. Well, is there anything very bad?

Q. The old story?—A. The old story, after everything was over.

Q. The next letter is June 13th.—A. Navigation is opened then.

Q. Yes, but it was not open for the following year.—A. I beg your pardon, that was open, that referred to behind, not ahead.

Q. (Reads letter part of Exhibit 205). You see, they were seeking to maintain a very close system.—A. Yes, very. Did you get my answer there?

Q. Your answer is the 21st of June.—A. What does it say, sir?

Q. I will read it. (Reads letter part of Exhibit 205). That is right, is it?—A. I will give you the reasons in a minute. Will you allow me to answer that question, sir ?

Q. I did not ask a question, did I ?—A. Will you allow me to explain?

Q. To explain the letter, certainly, if you desire.—A. That did not apply to Quebec. We were not short of money. They used our money for somewhere else.

Q. The letter is written to you ?—A. I don't care. We never ran short. The general expenditure on lighthouses, maintainance and construction was exceeded, but not at Quebec. They used our money. They came down here, Colonel Gourdeau himself and said we were overdrawn $20,000. That $20,000 was not for here at all, it was for Sorel.

Q. I find on the 15th July, 1905, that following upon that is another letter for you of similar character acknowledging receipt of yours of the 21st ult. (Reads letter part of Exhibit 205 down to 'which properly belonged to last year.').—A. Well, sir, if the minister goes on improving navigation, putting up new lighthouses and establishing fog-alarms that use four times the amount of fuel and oil that was used before, he has got to pay for it.

Q. (Continues reading the letter from 'it has now been decided by the minister' to end.) Q. Now do you say that is all a matter of form ?—A. No, that is not all matter of form, that is very good. What year is that?

Q. 1905.—A. They were commencing to try and get things straightened out.

Q. Did you follow that?—A. Follow it?

Q. Yes.—A. As much as I could.

Q. Not altogether?—A. A lot of those things no man could follow. They wrote about damned things there, they didn't know what they were writing about. That was written for a purpose.

Q. Well, I think it is for you to say. A. They could not be carried out always, we could not have time to get instructions. Sometimes we sent up an estimate for work to be done in 15 days and it would be there for two months. Look at the Civil Service Commission's report on the *Arctic.*' They could not get supplies. We could not get supplies for the lighthouses, not even paper to make out pay-lists on. The Civil Service Commission puts that in.

Q. Now, Mr. Gregory, does it not occur to you that practically all you are saying is quite inconsistent with the official record as between the department and you ?—A. Yes, I will admit that.

Q. You admit that ?—A. I admit that.

Q. You take the next letter of August 10, 1905. (Reads letter part of Exhibit 205.)—A. What boat is that ?

Q. The *Bicquette* and *Pilgrim* ?—A. Two of the most dangerous islands we have got, where the lighthouse-keeper must have a boat in the spring to get fresh water for his house. These are cases in which I have telephoned to be allowed to get this. That man cannot live unless he has a boat to get fresh water. He is surrounded with salt water and he must have means of going ashore to get provisions, bread and water and things of that kind. This could not wait. I will admit all that.

Q. Mr. Gregory, I desire to call your attention to this correspondence, particularly because what you have said is more or less of a serious reflection?—A. I do not want to reflect on anybody.

Q. Take the letter to you again of August 19 of the same year, 1905. See how it continues. (Reads letter part of Exhibit 205.) A. They have a resident engineer to look after construction, and I had inspectors that looked after inspection.

Q. They were very specific?—A. But it could not be carried out.

Q. Who was your resident engineer ?—A. Mr. Parent.

Q. You were superior to him ?—A. I was superior to him, but he was the one who looked after and gave orders, looked after the construction account.

Q. Do you mean to say that the responsibility is upon him and not upon you ?—A. My dear sir, I had so much responsibility, much to do that in my long years being so accustomed to act I may possibly have forgotten some of these instructions, but never with the intention of retarding the service.

Senator CHOQUETTE.—It will strike you my, lord, that if these letters were serious and meant what they say the minister would have dismissed this official.

WITNESS.—What did they keep me there for ? For years they would not let me go ? I would have gone two years ago.

By Mr. Watson:

Q. Now following again shortly after in the same year, 1905, is the letter of September 13. This is written to you by Mr. Gregory ' Your letter of September 9 at hand with explanation as to the necessity for draft made by you on the department for $12,-698.16, of which $11,206.42 is for construction.' Apparently then you sometimes draw on the department?—A. In that case, yes. That was for a special purpose. I don't remember what that was for. Not all cases.

Q. (Reads remainder of letter part of Exhibit 205.) Now, that is September 13, 1905 ?—A. Yes, sir. There were many at that period of the year; at the other times they had none.

Q. You are not serious?—A. Yes sir. I am not here to laugh at anything. They had funds when they wrote letters like that they didn't need any assistance then. I never kept accounts back. Mr. Mailloux will tell you that. He was in charge of the accounts. Did he ever tell you accounts were kept back for any purpose.

Q. Mr. Gregory this refers specifically to the fact stated that accounts were kept back by you.—A. Yes sir.

Q. Did you answer that letter ?—A. I don't know. Did I ?

Q. I cannot find any answer ?—A. Why didn't they turn me out.

By Hon. Mr. Cassels:

Q. Just answer the question?—A. Did I answer that letter, sir?

Mr. WATSON.—There is no answer of record that is given to us with the file.—A. That I kept accounts back?

Q. Now, that is a very serious charge against you, I mean to say as a matter of efficiency and accurate work, that accounts were kept back.—A. I might have forgotten all about paying. I know it was not true, that is sure.

Q. That they were kept back?—A. Never.

Q. Have you seen the records in your department, the books in the department showing the dates of the accounts, and the dates that they were sent to Ottawa?—A. Did I?

Q. Yes. Have you looked at those lately?—A. No. I had nothing to do with that. The accountant explained that.

Q. The accountant. Did you have anything to do with the sending of the accounts to Ottawa after they were received and certified?—A. They were handed over to the accountant, sir.

Q. Did you have anything to do with them?—A. No sir.

Q. Never part of your duty to forward these accounts or see they were forwarded? —A. I could not do all that kind of thing. I had the general management of the business. I could not be accountant as well.

Q. Never your duty to forward those accounts?—A. What did I have an accountant for?

Q. Well, Mr. Gregory, if that was no part of your duty, how do you explain taking 5 per cent from time to time on drafts from the people from whom purchases were made, knowing, as it must be assumed I think, that the people who were selling were adding 5 per cent to the cost price to the government?—A. I never did that in my life. I never did, as God hears me, and you have no right to tell me I did that.

Senator CHOQUETTE.—Hear, hear.

WITNESS.—I tell you it is not true. I deny it emphatically on my oath.

By Mr. Watson:

Q. Mr. Gregory, will you agree with me——A. I don't agree with you in many things.

Q. Listen please. You will agree with me——A. Hold on. Ask me. Don't say I agree with you.

Q. I am asking a question. My question is based upon evidence given—upon.—A. Upon what ?

Q. By witnesses here.—A. Yes.

Q. That the drafts were accepted by you, these parties stated that in that way they could get the money, and otherwise could not get the money from the department. They were delayed by the department.—A. Did any of the drafts correspond on those dates?

Q. What dates?—A. Any of those dates you say they got the money in a short time?

Q. Yes. You will find that so by looking through the drafts for 1904 and 1905, a great many of 1905.—A. Particularly when I was eight months getting the *Arctic* money.

Q. Well, I don't know.—A. Well, you will admit it has been proven here by these letters they had to wait six or seven months before getting any money. You will admit that parliament sat for months, there was no money at all, the government could not get a subsidy passed and could not pay. Because they are put in there on the 4th day of June and paid in July, that does not say the goods were bought in June.

Q. Listen, Mr. Gregory, if you please. These records which have been made up and put in, in the majority of cases, so far as I have observed them, the payments were made by the department.—A. Yes.

Q. Within thirty days certainly after they received the account.—A. And does it show how long they stayed in the agency?

Q. Just wait until I ask the question. Now, that being so, when the payments were made within thirty days after the accounts were received at Ottawa, do you think it was consistent that these men should pay five per cent?—A. Did they get the money at that time?

Q. There was no reason why they should not, according to this?—A. Did they get my drafts accepted corresponding with that?

By Hon. Mr. Cassels:

Q. Mr. Gregory, these books show the date when the accounts were received and the dates when the accounts were certified—A. But they don't show when the accounts were received, they don't show when the goods were bought.

Q. If you will allow me one question. They show when the accounts were sent in?—A. Yes, when we had the money.

Q. You won't allow me to finish my question?—A. Pardon me, my lord.

Q. They do show when the accounts were received and they do not show the date when forwarded. The evidence disclosed here shows that there were no payments by the department until they were certified?—A. No.

Q. The evidence in some cases shows that drafts drawn on you were accepted at two months, and in a great many cases the money had come to hand before these notes matured?—A. My hands?

Q. No, in the hands of the department in Quebec.

Senator CHOQUETTE.—My lord, I was looking at an account here for $139.80, sent in November 15, cheque received July 31, 1905. That is just one of them at random.

Hon. Mr. CASSELS.—Take Davie's account and the others. You will find moneys there before these notes matured.

Senator CHOQUETTE.—There may be some, but if you look all over them you will find a great difference.

WITNESS.—Holliday Brothers.

By Mr. Watson:

Q. You used them to get their money?—A. Why did they come to me? Ask them? They will tell you why they came to me. I never——

Q. Mr. Holliday?—A. Pardon me. Holliday's account was running so much a day for his boat. If he got $20,000 it would mean 20 or 30 days.

Q. It would mean to follow quite logically from these premises we have, that one reason why they were coming to you was, if you will allow me to say so that you might get 5 per cent?—A. That I might.

Q. Yes.

Senator CHOQUETTE.—My lord, as to Holliday, I think the court is looking to have justice done. Take Holliday's account. There is one sent for $20,000 on October 31, 1904, cheques received June 16, 1905.

WITNESS.—Yes sir, that is the case.

Q. That is one of Holliday's, nearly 8 months for $20,000. That shows——

Hon. Mr. CASSELS.—They speak for themselves——

By Mr. Watson:

Q. Now, I see this time in connection with the same matter, another memorandum like this—it is an official memorandum from the department and was forwarded to

you apparently (reads memorandum commencing 'in respect to the draft drawn by the Quebec agent for $12,698.16 to relieve the great distress of the families of the workmen, etc., part of Exhibit 205)?—A. When was that?

Q. This is a memorandum in connection with that letter of September 13, 1905.—A. Have I answered that?

Q. Apparently not. There is no record here of any answer by you?—A. How could I certify if he was absent? Nobody knew anything but him. Now you come to the point. We had to keep many of these accounts until Captain O'Farrell, Captain Koenig or Mr. Parent or other superintendents had arrived to superintend the accounts.

Q. So that he might certify the accounts?—A. Certainly. We could not pay them without he did. I could not send them, they would not be received without they were certified.

Q. And where was Mr. Parent?—A. Down below looking after construction work.

Q. That would be so occasionally?—A. Occasionally?

Q. Yes?—A. Months, three or four or five or six months at a time.

Q. Now, we will look at the accounts. I am not sure, but my recollection is that very few of the accounts are certified by the chief engineer?—A. Which chief engineer?

Q. Mr. Parent?—A. Construction accounts?

Q. Yes?—A. They are certified by somebody.

Q. Not by him?—A. Probably it is not for construction.

Q. I see. Now here is a letter of December 21, 1905, still following the same way and written to you. (Reads letter part of Exhibit 205)?—A. Mr. Samson said he lost them and picked them up a year afterwards, and his clerk told you his books were miserably kept that he had a great deal of trouble when he went there, the books were in such a state. He did not know where they were. It is not my fault.

Q. And yet it is made a pretext, is it not, for paying you 5 per cent that the delays were caused?—A. Not at all, sir. Why do you say that.

Q. Is not that so?—A. No sir, it is not so. My God, the idea of your accusing me of such a thing as that. You have no right to accuse me of that.

Q. Wait, Mr. Gregory.—A. You are going to put no words in my mouth.

Q. Just wait, please.—Then did you understand that any of these parties claimed as a reason for paying you the 5 per cent that in that way they would avoid the delay which occurred in getting money from the Department?—A. Decidedly.

Q. That is what I asked you before. You misunderstood my question?—A. When I lent them money they gave me reasons, they could turn it over three or four times and it was a great advantage to them, because they were never sure when they would get it from the Department.

Q. Now, why say lending them money—You signed your name?—A. That is equivalent. I used the expression because I became responsible to the bank for their debt.

Q. You don't mean that?—A. I became responsible at the bank.

Q. At the same time you had the account from the department to pay the debt?—A. Do you suppose I lent my money without security?

Q. I see.—A. You need not, I don't.

Q. There was really no responsibility in connection with it?—A. The man might fail next day. I had no accounts, there was some money lent I had no security for. I have seen bigger firms than Drolet fail. Carrier, Lainé & Co. on the other side failed.

Senator CHOQUETTE.—My lord, while we are on Samson & Filion's accounts, I might just state that on the 6th September.

Mr. WATSON.—Don't, please.

Senator CHOQUETTE.—I do not want to re-examine the witness. Taking this book I see on the 6th September an account was delivered for $3,050.51, paid on the 23rd of June, 1905; the next account of $2,225 delivered 24th September, paid 24th February next following; an account for $2,249 delivered on the—

Hon. Mr. CASSELS.—When was that paid.

Senator CHOQUETTE.—Paid only on the 15th of August, 1905. I call attention to these because I do not want to re-examine the witness.

Mr. WATSON.—The evidence is all in.

WITNESS.—Why don't you mention some of these? You pick out the easiest ones.

Senator CHOQUETTE.—I beg to ask for an adjournment to tomorrow morning for the witness.

WITNESS.—I am not coming to this Court again.

Senator CHOQUETTE.—Don't say that.

Hon. Mr. CASSELS.—How long will you be, Mr. Watson?

Mr. WATSON.—Only a short time.

WITNESS.—You have my whole statement. You have nothing but the truth, the whole truth, so help me God.

Senator CHOQUETTE.—I may remark to the court that these are not facts affecting the *enquête,* so far as my client is concerned; they are rather a defence of the department.

By Mr. Watson:

Q. Now, I see a further memorandum was sent to you in December of that year, a memorandum signed by Mr. Owen, the accountant, stating, 'I beg to submit the following statements of accounts sent in from Quebec Agency,' etc. (Reads memorandum, part of Exhibit 205). Now, do you recognize any responsibility in connection with matters of that kind?—A. The construction work was placed in the hands of the resident engineer, sir.

Q. I say you do not recognize any responsibility in connection with that matter?—A. No.

Q. You do not?—A. No. Well, not direct. Well, yes, I should, as the head, as the captain of a ship is responsible for his vessel, I suppose I was responsible, but, good gracious, I hadn't time to pay attention to all the expenditure required for construction. I had the general efficiency of the service to look after. My hands were full of work. I am an old man, I could not be chief engineer, agent, shipping master, and everything else, investigator of wrecks, and the lord knows what. I could not do more than I did. They should not have kept me.

Q. Just to see, Mr. Gregory, how far the matter reaches, I observe on the 28th April, 1906, a letter to you by the deputy minister. He refers to your letter of the 9th inst., and states (reads letter part of Exhibit 205, down to 'the department cannot satisfy the minister with any such irrelevant reasons'). Now, this is the character of the letter, and I find many other letters all bearing upon similar matters and with protestations from the department against expenditure and delay?—A. That is it. What do you want me to say, sir?

Q. I do not know. Anything you have to say?—A. I received all those letters, and where it was possible for me to act upon them I have done so. I frequently telephoned to Ottawa. I have had—notwithstanding those letters which I have often read between the lines—I have had correspondence with my deputy here and by telephone which says 'we have got to do it, we cannot help ourselves.' With regard to getting money, the government did not lose by it, they were inconvenienced——

Q. Mr. Gregory, it is only fair I should suppose to the deputy that if you have received letters of the character you speak of that those letters should be produced?—A. Well, there is only a letter of that character I don't care about producing. I will not produce it unless forced. It reflects upon somebody else whom I have too much respect for.

Q. You have not any correspondence you are willing to or can produce?—A. Mr. Watson, those letters were written in 1905.

Q. 1905, 6, 7 and so on?—A. And notwithstanding all those threats I was kept until the 31st March, 1908, and probably if there had not been a Civil Service Commission I would have been there yet for all those letters. You know, too, those letters are official letters of a character.

Q. It simply means, then, you ignored the letters?—A. I did not ignore them. I spoke of those letters, I communicated, but I was entrusted with a great deal more than those letters would lead you to believe. Those letters are written for a purpose. I have been told that thirty years ago, that is not new to me.

Q. Let me ask you this one further question. Do you know of any other official in the department or employee of the department here or elsewhere who participated in compensation or gains received from those with whom the department was having transactions?—A. Never, never, none at all.

Q. Here, at Ottawa or elsewhere?—A. No, none.

Q. You do not?—A. No. Further, before I leave this box—I may never come back to it again—I want you to understand that in none of this apparent disobedience did the department lose one cent, the service did not suffer, the efficiency was maintained. The constant increase in expenditure is not due to me. They are erecting new lighthouses, consuming a great deal more material, oils, paints, and those things are bought by tender in Montreal, and everything that was done was done with a view to the efficiency of the service. Navigation has benefited, Raymond Préfontaine's scheme has been carried out.

Hon. Mr. CASSELS.—All that is down before.

WITNESS.—Very well, sir. I am going for good, you will not be troubled with me again.

Hon. Mr. CASSELS.—You are speaking of something that is on the record already.

WITNESS.—About these letters coming to me again, I cannot understand if these letters were so strictly to be adhered to why I should have been kept three years later.

Hon. Mr. CASSELS.—I do not think that is a question of any consequence here. The facts are all here now.

WITNESS.—I have not got any more to say. I am much obliged for your kindness. I hope your lordship will pardon me for any expressions I may have used in my efforts.

Hon. Mr. CASSELS.—I am not easily shocked.

WITNESS.—I leave my case in your lordship's hands. If I am guilty, I expect to be punished.

File of official correspondence marked Exhibit 205.

Adjourned at 6 p.m. to 10 a.m. to-morrow, November 13, 1908.

QUEBEC, November 13, 1908.

Before the commission resumed this morning Mr. Watson, by arrangement with Senator Choquette, requested the reporter to incorporate in the record the following extract:—

'Department of Marine and Fisheries,
'Deputy Ministers' Office,
'Ottawa, Canada.

December, 27, 1905.

(Extract of letter.)

Private

'My Dear Gregory,—As regards the letters which I have been written to you lately and which will probably be written again, they are simply to save the department in the eyes of the Finance Minister, they are doing all they can to curtail our expenses but that cannot be done.'

QUEBEC, November 13, 1908.

Commission resumed at 10.30 p.m.

Senator CHOQUETTE.—During my absence Mr. Gale was examined. I wish to put one or two questions to him, my lord. He is here.

Mr. WATSON.—Well, my lord, my learned friend spoke to me about it and with reference to the discounting of the drafts in the bank my learned friend said that he understood the witness stated that the discount had been paid to Mr. Van Felson, manager of the bank individually, personally, in his individual capacity. Of course, there is no misapprehension about that at all. The discount was paid to the bank as a bank in the ordinary course.

Hon. Mr. CASSELS.—You can take that for granted. There was no suggestion of anything personal.

Senator CHOQUETTE.—Mr. Van Felson came to me two or three times and asked me to put that right. If it is understood the money was paid to the bank and not to Mr. Van Felson it will be satisfactory.

Hon Mr. CASSELS.—There was no suggestion at all of anything personal.

Senator CHOQUETTE.—Then if my learned friends could tell me what witnesses they intend to call I would inform my client in case it should be necessary for him to attend again. If the further evidence does not affect my client it will not be necessary for me to remain in court any longer.

Hon. Mr. CASSELS.—Mr. Gregory said yesterday he would never come to the Court again.

Senator CHOQUETTE.—He said that, but if anything comes up against him I will have him here again.

Hon. Mr. CASSELS.—If you can induce him to come when you want him you can bring him here when you like, but he was pretty emphatic yesterday.

Senator CHOQUETTE.—I know. But if my learned friends would tell me what evidence not affecting Mr. Gregory they intend to call, there would probably be no necessity for me to stay here.

Mr. WATSON.—I am quite unable to say that, my lord. You will appreciate I am unable to indicate what the evidence will be.

(Evidence taken in French will be published later.)

GEORGE D. O'FARRELL sworn.

By Mr. Ahearn.

Q. Mr. O'Farrell, how long have you been in the service of the Marine and Fisheries Department?—A. Since 1877.

Q. What is your position now?—A. Inspector of Lighthouses.

Q. How long have you been Inspector of Lighthouses?—A. I have been Inspector 15 years.

Q. And what was your position before that?—A. Secretary to the Department.

Q. What salary did you receive as Secretary?—A. I don't exactly remember, about $800 or $900 if my memory is correct. Of course, the Departmental records would show that accurately.

Q. What salary are you receiving now?—A. $1,500.

Q. Were there ever any complaints against you before this?—A. Never.

Q. Were you ever suspended?—A. Never.

Q. Ever threatened with suspension?—A. Never.

Q. Do you consider you did your duty to the best of your ability and conscience?—A. Yes, indeed I did, and on some ocasions a great deal more than my duty, as

I can prove at any time by Departmental documents if necessary. On one particular occasion—I don't want to take up the time of this Court—on one particular occasion.

Hon. Mr. CASSELS.—What has this got to do with the case? The charge here is that on certain occasions certain moneys were given to Captain O'Farrell by these men in the nature of a bribe.

Mr. AHEARN.—These are merely preliminary questions.

Hon. Mr. CASSELS.—I know. But I do not want to know the preliminary history of each witness. I have a great deal of work to do. If it would save time he could get it written down and sent to me.

WITNESS.—Do I understand your lordship would like what I allude to be written to you?

Hon. Mr. CASSELS.—No. I say if I thought it would save time if you wrote your history and sent it to me I should take pleasure in reading it, but we do not want it given here in Court to encumber the record. There is no charge against you except this particular one.

WITNESS.—Excuse me, your lordship. I am under a very special charge, and I was only too pleased when my learned counsel said he would give me an opportunity to show how I served the Department.

Hon. Mr. CASSELS.—Just shortly.—A. Well, if you prefer I might put it in writing, both occasions. On one occasion I risked by life and saved $1,500 and in the other I took rheumatism, which added considerable expense the whole winter driving to the office, whereas an official who did not desire to serve the office would have stayed at home.

Q. Just come to the point.—A. I am here to do that.

Q. You are not here to give a history of your life and encumber the record with it. This has all to be written out.—A. I thought I was here to declare my good past faithful record in the department.

Q. There is no complaint about your past record. It is just a question of these payments.

By Mr. Ahearn:

Q. The question is simply this Captain, did you ever do anything detrimental to the interests of the department?—A. No, thank God I never did.

Q. Did you ever certify an incorrect account?—A. No, I could not do it, I never did.

Q. Do you admit accepting bribes from anybody in connection with your official service?—A. Never in my life.

Q. Did you ever receive any money from Mr. Audibert?—A. Never. I emphatically deny the statement.

Q. Did you ever ask him for any money?—A. I never did.

Q. Did you ever certify to an account from Mr. Drolet's establishment which was not correct?—A. No, nor an account from anybody else.

Q. Did you return any money to Mr. Audibert?—A. How could I return what I never got?

Q. Did you ever receive any money from anybody furnishing goods to the department in order to influence you in your departmental work?—A. I don't think any of them who knew me would try that on me.

Q. Did you ever advertise Mr. Drolet's establishment?—A. No. I am too busy a man to advertise Mr. Drolet or anybody else.

Q. Was there ever any row between you and Mr. Audibert?—A. Yes there was.

Q. Will you explain what that was?

Mr. AHEARN.—Of course, I understand my lord we have a right to go into this?

Hon Mr. CASSELS.—Certainly, anything you can bring forward that will clear your client you have a perfect right to adduce. You have the utmost latitude.

Mr. AHEARN.—It will perhaps explain the animus shown in Mr. Audibert's evidence.

Q. Will you explain the trouble?—A. Yes. On a certain occasion, your lordship, the individual mentioned came to my office with an account representing about three-quarters or seven-eighths, I don't exactly remember which, of certain goods which were not delivered. He wanted me to sign the account in question, which I refused. He seemed to be annoyed about it and said, ' Why don't you sign the account? You know it is all right. Haven't you confidence in the house of Drolet?' I said, 'I have implicit confidence in Mr. Drolet whom I know to be a perfectly honest man, I have equal confidence in the house he represents, but you will notice that when I sign an account it is that the articles have been received, examined and found correct. I cannot sign an account that the articles are received because some small articles are not yet received.' He explained to me it would be all right, they would be put in in a day or two. ' All right,' I said, 'I will sign your account in a day or two,' and he subsequently, if my memory serves me, delivered the goods within the time promised, and I signed the account.

By Hon. Mr. Cassels:

Q. When was that, what date was that?—A. Your lordship, I don't exactly remember, a couple of years ago, I can't remember the date. I remember the occurrence and its having occurred in my office. Now, I wish to have the opportunity, your lordship, to correct another misstatement, although not as grave as the first one he made. I wish to correct the one where he stated that in the altercation, as you might call it, or dispute that occurred between us I used certain language which could not be possible for a man like me to use. That is to say, I would not like to repeat it to your honour, but in the way in which he said it——

Hon Mr. CASSELS.—You had better repeat it.

By Mr. Ahearn:

Q. Did you call him a damned French-Canadian?—A. If I remember rightly he said that. Never in my life. Your lordship, I have too many true, tried and faithful friends among my French-Canadians. I could not use such an expression as that. It is a falsehood, sir, like the first one he made. I have men who would take off their coat to-morrow. French-Canadians have done so in the past and will do so again.

By Hon. Mr. Cassels:

Q. I don't know what this has to do with the charges against you?—A. I have been injured by that man.

Q. Give your evidence and contradict him?—A. That contradicts him.

Q. Do not give your reasons?—A. Pardon me. I thought it might injure me among the men.

Q. You have it out now.

Mr. AHEARN.—Just answer the question. Of course, the court will be indulgent with him.

Hon. Mr. CASSELS.—I do not want orations in the court; I want to get the facts. You need not spare my feelings with regard to language. I just want to know exactly what took place.

Mr. AHEARN.—Of course, my lord, it is natural that one in Mr. O'Farrell's position should be excited. Mr. O'Farrell, just answer the questions.

Hon. Mr. CASSELS.—Yes. I want to get him to understand that I do not want orations, but evidence.

WITNESS.—Pardon me, my lord. I belong to a nationality that is very easily excited.

By Mr. Ahearn:

Q. Just answer the questions. M. Audibert said in his statement that on the 23rd of June, 1905, he gave you and Mr. Dufour $100?—A. Never. I answer for myself. I have nothing to say for Mr. Dufour.

Q. Did you receive any money from him on that date?—A. No, or any other date.

Q. Did you receive on the 25th April 1905 $207?—A. Never.

Q. You said, Captain, your salary is $1500?—A. I did, yes.

Q. You heard Mr. Audibert say his salary is $1200?—A. Yes.

Q. Have you as much money in the bank as Mr. Audibert admitted he has?—A. I have, on reference to a bank-book, $6 and a few cents in the bank.

Q. Have you any other bank account?—A. I have two bank accounts in trust.

Q. What is the amount of of each of those bank-accounts?—A. Well, one is——

Q. Just tell the Court?—A. I beg your pardon, your lordship. One is in trust.

Q. For what amount?—A. $74.

Q. For whom?—A. Well, for an orphan. I deposited it in trust at the request of my mother.

Q. And who is the other account for?—A. The other bank-account?

Q. Yes.—A. Is in trust for my good mother. Last spring, in April, if I might be permitted——

By Hon. Mr. Cassels:

Q. What earthly moment is it what his bank-account is. I do not want to know about your mother, Captain O'Farrell.—A. But he asked me to explain, your lordship, the moneys in the bank.

Q. I know. But your private bank-account has nothing whatever to do with me.

Mr. Ahearn.—Well, that is sufficient, Captain.

Hon. Mr. Cassels.—I do not see why that is brought out at all.

By Mr. Perron:

Q. Captain O'Farrell, in 1906 what were your duties, what did they consist of?—A. Inspector of Lighthouses.

Q. Yes, the lighthouse down below here?—A. Well, I go to lighthouses as far as Montreal, and my district ends in the Strait of Belle Isle.

Q. In connection with your duties I presume you had to order some repairs?—A. Well, very little repairs.

Q. Well, you did?—A. Very little, because I have nothing at all whatever to do with machinery of any kind; there are Inspectors for that purpose.

Q. I see you have been called upon to certify accounts from the firm of Drolet?—A. Oh yes.

Q. What accounts were they?—A. I cannot exactly remember at the moment.

Q. What were they for?—A. They were, if I remember right, small sundries for lighthouse lamps, iron gear in connection with lighthouse lamps and lighting apparatus you might call it.

Q. For the last ten years you have been certifying accounts to a large extent?—A. No.

Q. Many thousands of dollars?—A. I would not like to answer that, I don't think so.

Q. Surely you know about?—A. No, I don't. To tell you the honest truth I swear I don't.

Q. You must remember whether you had such large accounts?—A. You understand all I have to look to, Mr. Perron, is when I sign these accounts when the goods have been received, just according to my certificates that they are correct. Naturally, I don't keep tag of them, I am too busy a man. I am two-thirds of the

time away from my office, working sometimes at night, and you can understand I don't keep tag on the accounts and the exact nature of them. Once an account is passed I know it is correct and it passes out of my mind.

Q. Have you had any trouble with Mr. Drolet as to goods delivered to the department?—A. No.

Q. Did you always find his statements quite correct?—A. Yes. I would not have certified an account else.

Q. I asked you have you had any trouble with them?—A. No trouble whatever.

Q. You have known Mr. Audibert for many years I suppose?—A. No, I won't say many years. I suppose when the department began to do business with that house.

Q. That would be?—A. When Sir Wilfrid came to power.

Q. 1896?—A. I don't remember, I am not a politician. I didn't take tag of that neither.

Q. You have since on many occasions had to meet Mr. Audibert?—A. No not on many occasions.

Q. Did you not meet him quite often?—A. No. I have seen him in the office, but not to do business with him.

Q. You have met him in the office?—A. In the office, and I have seen him passing.

Q. Have you spoken to him?—A. I would say 'How do you do' and pass on.

Q. You met him at his office?—A. On one or two occasions.

Q. You went to his office?—A. Yes, I have been to his office.

Q. Three or four or five or six times?—A. No; a couple of times if I remember right.

Q. What did you go there for?—A. I went there sometimes to ask him if certain work—it was *en passant*, I had sometimes to pass through his office to go to the shop.

Q. You spoke to him, had conversations?—A. Naturally.

Q. You have met him during the daytime?—A. Yes. I wouldn't expect to meet his at nighttime.

Q. I know. I will come to that later on. You have met him on the streets in the day time and had conversations?—A. Very seldom.

Q. It has happened?—A. Like I would meet anybody else.

Q. You remember also, as Mr. Audibert stated in his evidence, he met you many times on the street and had conversations with you?—A. I am not responsible for what Mr. Audibert stated and I am very glad I am not guilty of what he accused me of.

Q. But I am asking you. It appears Captain, you met him many times on the street and had conversations with him?—A. That I deny.

Q. You never met him?—A. I won't say I never met him. I didn't keep tag. I might know yourself and others, but I wouldn't keep tag of how many times I met you. It might be a great pleasure to meet you, but still I would not keep tag of it.

Q. You met him several times and had conversations?—A. I met him several times and did not have conversations.

Q. Did he go to your house?—A. Never.

Q. At nighttime in the evening?—A. Never.

Q. Now?—A. That is right. What I say is correct, Mr. Perron. I am not a night-hawk, Mr. Perron.

Q. I am not saying you are.—A. Thank you.

Q. Till 12 o'clock a man cannot be blamed for being out on the street.—A. I don't know how lawyers classify nighthawks in Montreal, it may be different in Quebec.

Q. I understand in Quebec that a man who is out after seven o'clock is a night-hawk.—A. That question has never been raised, but I would not like this court and the public to think I was a nighthawk.

Q. But you were seeing him in the evenings?—A. There may have been some things done in the dark, but I never participated in them.

Q. You swear positively that you never met Mr. Audibert at your house in the evening?—A. I am certain, positively certain. I have just answered your question.

Q. That is absolutely sure?—A. Absolutely sure.

Q. Now you also swear that you did not in the daytime speak to him on the streets and have conversations with him and go to some place with him?—A. Never, never, never. I emphatically deny it.

Q. Now, when was it that you had this quarrel with him?—A. Like I said a moment ago, I don't remember.

Q. About?—A. A couple of years ago. I will just tell you frankly I would not have remembered it only it was a particular occasion. You see, I didn't keep tag of it. To the best of my memory it was a couple of years ago.

Q. Let us try and find out. Would it be in 1906 or 1905 or 1904?—A. I won't say, because I cannot. I am here under oath, and unless I am positive of a thing I won't swear to it.

Q. So you cannot tell me what year this quarrel took place?—A. No.

Hon. Mr. CASSELS.—I do not understand there is any evidence of any quarrel so far. M. O'Farrell's statement is that it was simply a request to have an account certified and refusal by him.

Mr. PERRON.—He said there was a quarrel, your lordship.

WITNESS.—A question arose, your lordship, and he made a certain statement, which is just as incorrect and false as the first one.

By Hon. Mr. Cassels:

Q. According to your statement, as you gave it in evidence, I did not understand there was any quarrel.—A. It was like that. He got mad and he asked me if I didn't have confidence—I have just explained it, I don't want to repeat it. Excuse me, your lordship, you can understand my position just now. If I get a little bit excited I must have indulgence.

Mr. AHEARN.—If your lordship will allow me. 'We had a quarrel,' Mr. Audibert said, ' and Captain O'Farrell called me a damned French-Canadian.' The Captain resents that.

Hon Mr. CASSELS.—I am taking merely the statement of the Captain. I do not see from what he has said hitherto that there was any quarrel at all, simply a request for a certificate and a refusal.

WITNESS.—It would be a poor recompense and very ungrateful on my part to talk that way of men that had been of service to me. I was more anxious, if you want to know, to refute this false charge than I was about the other charges he made against me. Excuse me Mr. Perron.

Mr. PERRON.—That is all right, Captain.

WITNESS.—I am under very trying circumstances.

Q. Well, Captain, let us come back to the quarrel.—A. I hope not. When I have a quarrel I sink the hatchet right away and don't come back to it. I ask you to kindly obliterate it.

Q. I am very sorry but I have got to go into it.—A. I am equally sorry.

By Mr. Ahearn:

Q. Just answer, Mr. O'Farrell.—A. All right, sir.

By Mr. Perron:

Q. You say it is utterly impossible for you to remember in what year this quarrel took place?—A. That is true, sir.

Q. Can you tell me in what month?—A. You understand when I don't remember the year it would be impossible to remember the month. A year is more easily indicated than a month.

Q. Do you remember whether it was winter, summer or spring?—A. No. quarrels occur at all seasons of the year. Probably it might have been in the summer. I tell you why, because cool weather might keep an Irishman like me a little cooler than the weather in July. That is the only explanation I can give.

Q. Now, you say that Mr. Audibert got very mad?—A. Well he appeared to take umbrage.

Q. He got mad?—A. He appeared to to the best of my recollection.

Q. Was it a one-sided business, did you get mad also?—A. I could not deny that. It is quite possible. As I explained that already I don't want to cover the same ground. It would be nothing extraordinary.

Q. Just answer the question. Naturally enough you got mad also?—A. I suppose so.

Q. And very high words were exchanged?—A. Oh no, I won't say that. Come, I won't say that.

Q. Being an Irishman you naturally speak when you get mad?—A. I don't presume it would be an occurrence to keep silent on, I don't presume that.

Q. Surely, you answered him?—A. Oh, I presume I did.

Q. Yes. But as you stated this quarrel was never remembered by either you or Audibert?—A. I talk for myself; I don't talk for Mr. Audibert, and thank God I haven't to talk for him.

Q. Now, after this quarrel had taken place you met him?—A. Oh, I presume I did.

Q. Quite often?—A. I won't say that.

Q. Did you meet him?—A. I have already answered you, Mr. Perron.

Q. That is all right. Did you meet him at his office?—A. I can't tell.

Q. After this quarrel?—A. I can't tell. I am just thinking.

Q. That is all right. Now, when you met him after this famous quarrel you were on good terms with him?—A. I would think I would be, because, as I said a little while ago, I would be contradicting myself otherwise.

Q. He was nice to you?—A. If he was not it would not make any difference to me.

Q. But he was?—A. Nothing in particular any more than ordinary.

Q. He was nice to you and you were nice to him?—A. If he were not he would quickly find out. I have nothing to do with people who——

Q. That is all right. You don't remember Captain that one day you stated to Mr. Audibert that you were hard pressed for money?—A. I don't remember that. I never did in my life to him.

Q. Don't you remember that you one day went to Mr. Audibert as a friend—— A. Never in my life.

Q. And told him you were hard pressed for money?—A. Pardon me, I swear I never did.

Q. Now, as a matter of fact, it happens to everybody, myself and lots of people. You were sometimes hard pressed for money?—A. I don't deny that. I have not been blessed with the blessings of this world. My struggle through life has been a hard one.

Q. There is no harm in this.—A. No, thank God there is no harm in this, that is true.

Q. And you have been since 1904 sometimes very hard pressed for money?—A. I won't say that.

Q. But quite often?—A. I won't say that neither.

Q. But you were?—A. It is quite possible I was.

Q. But as a matter of fact?—A. No no One second if you please, Mr. Perron, It may happen that I might have to be very careful about my expenditures.

Q. Yes.—A. Exactly, I have been.

Q. A few dollars here and there would have been welcome if they had been given to you.

Mr. AHEARN.—Just a minute. My lord, I do not know if we can go into this on cross-examination. When I attempted to prove what was my client's state of fortune your lordship ruled we need not go into that, it was not material or pertinent to the issue. Now my learned friend is trying to go into it, saying he was very hard up and that a few dollars would be welcome.

Hon. Mr. CASSELS.—You were doing entirely different. You were attempting to bring forward his bank-account. That amounts to nothing, a man might have an account of thousands of dollars. The question Mr. Perron is putting is of entirely different character. He is showing the state of circumstances, or attempting to show —I do not mean to say for a moment he has shown them—a state of circumstances that might lead to the inference that money was needed.

Just restrain your nationality. Remember, you are a Canadian.

WITNESS.—We should all be that.

Q. Just answer the questions without those little flourishes.

WITNESS.—All right, your lordship, I will do the best I can.

Mr. PERRON.—A few dollars here and there would have been appreciated ?—A. That is a funny question.

Q. I am simply asking you.—A. I don't know a man in the world, even if a millionaire, even Rockefeller, who would not be glad to get presents sometimes.

Q. Yes.—A. And he has got them too.

By Hon. Mr. Cassels :

Q. We have nothing to do with Rockefeller.—A. I wish I was Rockefeller.

Q. What have I got to do with him ?—A. That is true your lordship.

Q. Well, what is the use of talking of him ?

By Mr. Perron :

Q. That is so. Any man, however rich is very glad to take a present ?—A. I presume so, that is human nature.

Q. And of course the poorer a man is the more he likes to get a present ?—A. No. I don't say that.

Q. Is it not more welcome ?—A. That depends on circumstances. I cannot answer that.

Q. I meant a present from a friend ?—A. You are talking on probabilities, not on facts.

Mr. AHEARN.—I object to this line of questions, my lord. Mr. Perron is asking him about accepting presents from friends and arguing on philosophy and human nature, I don't think this is pertinent.

Hon. Mr. CASSELS.—Neither do I, but it shortens up the proceedings. We cannot restrain this witness.

By Mr. Perron :

Q. You would not consider it anything out of the way to get a present from a friend ?—A. Well, that is a funny question to ask a man.

Q. Would you ?—A. Well, I presume if you came to give me a present——

Q. Would you take it ?—A. What, from you, Mr. Perron ?

Q. Yes, from a friend?—A. We are strangers, we never had the pleasure to meet before.

Q. I am talking of a friend ?—A. When I got married lots of friends gave me presents.

Hon. Mr. CASSELS.—I suppose, Mr. Perron, he would take the presents from some individuals from whom he would be entitled to take them, that is all.—A. Decidedly your lordship.

By Mr. Perron :

Q. Now, you know Mr. J. B. Cote ?—A. I know him.

Q. Do you know him ?—A. What is that ?

Q. Do you know him?—A. Certainly, I know him.

Q. Have you known him for a long time ?—A. Well, since he has been on the patronage list, that is all.

Q. That is about nine, ten or twelve years?—A. When Sir Wilfrid came in and put him on.

Q. You have known him ever since ?—A. Yes.

Q. Have you met him often-—A. Well, occasionally.

Q. Where ?—A. In a business way.

Q. At your office ?—A. Yes.

Q. And?—A. And at his establishment when I went down to superintend some work.

Q. Now he has been doing quite a large amount of work for the Department of Marine and Fisheries?—A. The records will show that.

Q. I am asking you.—A. I cannot answer that.

Q. I mean as far as you are concerned?—A. That would be difficult. Your lordship, I am here on oath. Suppose I say yes the man did a tremendous amount, and it is found out not to be true, supposing I say he only did a little business, and it turns out not to be true?

By Hon. Mr. Cassels:

Q. You know whether he did a certain amount of work?—A. Honestly I cannot say the amount.

By Mr. Perron:

Q. Actually you cannot. But you know the work was done?—A. I tell you honestly once an account is passed by me I have no more to do with it.

Q. Don't you know he had work with the department?—A. Yes.

Q. The exact amount you cannot speak to?—A. No not at all, nor approximately neither to tell the truth.

Q. Very well, the work was done. And to quite a large extent?—A. I just answered your question.

Q. Surely, to do yourself justice——A. That is what I am doing. I would not think to do anything else.

Q. Listen to my question. Surely you know whether or not Mr. Cote has been doing a great deal of work for you, I mean in your own department?—A. For me in my own department?

Q. You know what I mean.

By Hon. Mr. Cassels:

Q. Witness, Mr. Perron means for the department you control?—A. Well, I am a subordinate in the department.

By Mr. Perron:

Q. Why do you quibble in that way. Just answer plain and straight. You know what I mean?—A. To a certain extent.

Q. Well now, I am asking you Captain whether or not Mr. Cote has done a great deal of work under your control?—A. I think he has done a certain amount of work. but I tell you truthfully, Mr. Perron——

Q. That is enough, Captain. Now, what do you mean by a certain amount?—A. That is just what I am coming to.

Q. Thousands of dollars?—A. He may have done that.

Q. Well, did he?—A. I tell you, Mr. Perron, candidly I won't make a statement of that kind.

Q. You cannot?—A. I am here on oath and won't make a statement of that kind off the bat.

Q. Surely you know whether this man would be doing work under your control for thousands of dollars?—A. I presume he would.

Q. Yes, work which had been ordered by you?—A. No.

Q. Recommended by you?—A. Well, in some cases.

Q. And under your supervision and control?—A. Naturally.

Q. And in connection with this work you went to his place quite often?—A. Oh no, not quite often.

Q. How many times in four years?—A. I don't know.

Q. You could not tell me at all?—A. No, I could not to be honest. I told you truthfully a little while ago, Mr. Perron, that I kept no tag of that kind.

Q. I know. And you have met him on board the ships?—A. No, I never met him on board the ships.

Q. You met him at your office?—A. Yes.

Q. You had a private room?—A. I would not work on the wharf.

Q. I know that. Had you a private room?—A. It is a room of the department.

Q. But you had a room for yourself, you were not in the large room there?—A. I have a room with my assistant.

Q. That is what I want to know from you. Who is your assistant?—A. I have, practically speaking I have two. I have one who is my typewriter.

Q. You call him your assistant?—A. In a way, he does the correspondence.

Q. Now, when you went to Mr. Cote's place to supervise the work he was doing there under your control were you alone with him?—A. There were always men around.

Q. You were alone when you spoke to him?—A. I cannot remember that.

Q. You cannot remember that?—A. No, naturally.

Q. Do you remember in what year he did a large part of the work for this department?—A. No.

Q. You cannot remember?—A. No, I cannot remember. That is truthful. You understand Mr. Perron, allow me——

Hon. Mr. CASSELS.—Just answer the questions.

By Mr. Perron:

Q. That is the better way. We will get through quicker if you do, Captain. Now, Captain O'Farrell you know Mr. Cote has sworn that he has given you money?—A. Do I know it?

Q. You heard that?—A. I heard that here in court.

Q. He mentioned all the money given and the amounts?—A. So I understand.

Q. He mentioned the dates?—A. That I dont' know.

Q. Now, in 1904 on December 14, were you in Quebec?—A. Well, that is hard for me to tell you.

Q. Surely you know, Captain?—A. No, I beg your pardon, I cannot honestly tell you. I would have to make inquiries, because I am in and out all the time, almost continuously.

Q. But the season is closed in December?—A. I beg your pardon, I travel in winter as well as in summer.

Q. Not as much?—A. Not as much, but still I travel quite a lot. I have been away sometimes two weeks in winter on departmental business.

Q. In January, 1905, on the 12th, for instance, you were in Quebec?—A. I cannot say that, Mr. Perron.

Q. You cannot say?—A. No, I cannot honestly.

Q. In February?—A. I cannot.

Q. In March?—A. In March.

Q. In May?—A. I cannot tell one more than the other. I might go away on my own business, I never kept any tag, I might go on departmental business.

Q. Can you tell me how many times you met Mr. Audibert in 1904?—A. I cannot tell you honestly.

Q. In 1095?—A. I cannot answer that any more than the first one.

Q. 1906?—A. It is the same reply, Mr. Perron.

Q. About Mr. Cote, can you tell me how many times you met him in 1904 and where?—A. The same reply is applicable in this case as in the other.

By Hon. Mr. Cassels:

Q. Captain O'Farrel, did you get any money from Mr. Cote?—A. I can't admit that, your lordship.

Q. I do not want you to admit anything. I am asking you the question?—A. I cannot admit that.

Q. Can you deny it?—A. I won't deny it.

Q. That will do.

Mr. Watson.—My lord, I find there are some other files from the department here containing correspondence between Mr. Gregory, chief agent, and other officials, especially the deputy minister, and also the chief engineer at Ottawa. My learned friend, Mr. Choquette, I think is aware of this correspondence, but so that there may not be any possible misapprehension I speak of it now to follow up what I said by the fact that I make it of record. In some respects it is I think, quite important. For instance, the first letter I have here in this file is one of July 19, 1906, written by Mr. Gregory to the deputy minister. (Reads letter.) The other correspondence is all of the same character and I regard it as important to have it on record, particularly having in mind the evidence of these witnesses.

(File marked Exhibit 206.)

Senator Choquette.—I should like to have a look over them, because they corroborate Mr. Gregory's evidence.

Hon. Mr. Cassels.—Are there many of these letters, had they not better be read?

Mr. Watson.—My lord, the correspondence is rather lengthy. Then I have another file commencing August 30, 1906. Perhaps it will not be necessary to read it now. But it is quite relevant because it is correspondence between the department here, for the most part signed by Mr. Gregory, and the head office, in regard to advances required from time to time and showing when he would require advances, and the correspondence shows the advances made. It bears directly therefore upon the class of evidence which has been referred to during the last few days. Apparently in this correspondence the claim for advances was made as promptly as I should think in the ordinary course of business would occur.

(File marked Exhibit 207.)

Then, my lord, I have here another file which includes letters written by the chief engineer and also by the resident engineer in regard to payment of accounts. Just as an illustration of this I will read a letter written on November 17, 1907, by the resident engineer to the chief engineer. (Reads letter.) Then again passing over these—I am sorry, my lord, it is impossible to take the time to go over these in detail now, but I will give them to my learned friend so that he will be in a position to make any further references he desires or any further evidence he wishes. There is a letter of March 17, 1906, bearing upon these matters, it is a letter by the resident engineer affecting the agency or with reference to the system in the agency, and the letter is directed to the chief engineer. (Reads letter.)

Hon. Mr. Cassels.—Who wrote that?

Mr. Watson.—Mr. Parent, the resident engineer.

Hon. Mr. Cassels.—Where is he now?

Mr. Watson.—Here. I have asked him to be here.

Hon. Mr. CASSELS.—He had better be examined then.

(File marked Exhibit 208.)

PAUL E. PARENT sworn.

By Mr. Watson:

Q. Mr. Parent, you are resident engineer of the department?—A. Yes sir, here at Quebec.

Q. How long have you been in that office here, about?—A. It is since the spring of 1905, I think.

Q. And your duties involve what work?—A. My duties involve conducting the construction work in the district here in the lighthouses and fog-alarm stations, mostly outdoor work.

By Hon. Mr. Cassels:

Q. What is the district?—A. It starts from Portneuf above Quebec here down to Belle Isle.

By Mr. Watson:

Q. So you would necessarily be away from your post quite a portion of the time? —A. I am generally away on two trips in the gulf and numerous other trips somewhere else in the other part of the district.

Q. Yes. Are you here in the office, say half of the time or more?—A. I could say about half the time on account of the winter.

Q. Then is your business when it occurs, long, are you away more than a few days at a time?—A. In the summer I have been away for eight weeks.

Q. During the summer?—A. Eight weeks up.

Q. Apart from that?—A. It may vary from a week to ten days, some other trips a few days.

Q. And during your absence have you a substitute, some one who would attend to what you otherwise would attend to?—A. I have presently, but at the time I had no one to rely on to do my work.

Q. During your absence?—A. No.

Q. Who is now your assistant?—A. Mr. Smith.

Q. Do you mean, Mr. Schmidt who is here?—A. No, another Mr. Schmidt.

Q. Then during the period of your office have you been called upon to certify to accounts for material supplied and work done in the course of construction?—A. Certainly, sir, I have certified all the accounts that have anything to do with the construction vote.

Q. Then in your absence, if an account comes in in your absence, what occurs, what is done?—A. In my absence the account be paid.

Q. It cannot be paid?—A. No sir.

Q. In your absence can it be properly certified to?—A. No.

Q. And during your absence are the accounts forwarded to the department?—A I don't think so.

Q. They await your return?—A. Generally.

Q. Why do you say generally? Are there exceptions?—A. I would like to have——

Q. The question again?—A. Yes.

Q. During your absence are accounts certified and forwarded on?—A. No sir they are not to my knowledge, they are not.

Q. Then my question directly was, do they remain until your return and you said generally. Is it invariably so?—A. To my knowledge it is invariably so.

Q. Then the word 'generally' was not quite appropriate to it?—A. I am not quite familiar with English.

Q. I understand. That is the reason I followed it up. So that in that way some delays might necessarily occur?—A. In the forwarding of the accounts?

Q. Yes?—A. Yes sir.

Q. Now, you were here in court, I think, just before you went in the witness-box, you heard me read to his lordship this letter of March 17, 1906, directed by you to the chief engineer at Ottawa. Do you want to look at it further? (Handing letter to witness.) What have you to say, if anything, about this letter?

Senator CHOQUETTE.—What is the date?

Mr. WATSON.—The 17th of March, 1906.

Q. Does that represent the condition of affairs as it existed?—A. Yes sir, in that particular case it did.

Q. And you say in this letter that Mr. Fraser—that is Mr. B. H. Fraser I take it?—A. Yes sir.

Q. And the head office of the department knew personally as to the conditions as they existed?—A. Yes, sir. He was present at the call-down.

Q. What do you mean by that, call-down?—A. I was simply forbid, Mr. Gregory was forbidding me to inquire from outsiders the price of goods.

Q. Who said that to you?—A. Mr. Gregory.

Q. Do you recollect, in just a few words, what the occasion was, how it happened to yourself and what was said?—A. Well, such as I can remember, it was about brick. I said I knew of a place where we could get bricks cheaper, and he asked me if I was going to inquire of contractors everywhere, to inquire the price of goods. I told him I had. Upon that he told me it was not my work, it was none of my business, and he forbid me to do so.

Q. I see, he forbade you to interfere?—A. Yes. He said I was to do my work and nothing else but my work.

Q. But, Mr. Engineer, that was part of your work?—A. As to the cost of goods?

Q. Yes?—A. No, sir.

Q. Why did you enter into that field then?—A. Well, I thought I was taking the interest of the agency——

By Hon. Mr. Cassels:

Q. You thought what?—A. I was taking the interest of the agency.

By Mr. Watson:

Q. In performing your duties as best you could?—A. Yes. Besides, in preparing estimates it is pretty hard if you cannot rely on the prices.

Q. Quite so. Personally I assume you are reasonably familiar with the proper cost, the proper selling and purchasing prices of material?—A. Well, I cannot say, I am not prepared to say that. I have been transferred from one city to another, and the prices vary a great deal from one city to another, and at the same time there are the market fluctuations, and I didn't keep myself posted at all.

Q. You did not?—A. Certainly I did not.

Q. But you were called upon to certify as to the work and materials, and as to the prices, were you not?—A. I beg your pardon. I was called to certify as to the goods wanted for the construction work and as to the goods delivered; that is all.

Q. Then do you mean that your certificate did not comprise your opinion as to the prices?—A. No, sir.

Q. It did not, Eh?—A. No sir.

Q. Have you got a form of certificate that you use? I can find it here I suppose upon one of these accounts?—A. I don't think so. That certificate was prepared some time after. I don't know if you have any accounts there for 1906.

Q. Now, then, Mr. Engineer, did you have a knowledge of the course of business and transactions in reference to the department as disclosed by some of the evidence that has been adduced?—A. No, sir. The only thing I knew, because I was told that directly by Mr. Gregory himself, is that he was lending money.

Q. Lending money?—A. Lending money.

Q. When did you learn that?—A. I could not give you any date, sir. It was in the office, we were talking of different matters.

Q. 1905?—A. I could not give you any dates because I don't recollect at all the date. It is certainly since I have arrived in Quebec.

Q. By the expression 'lending money,' did you know that that meant merely putting his name upon acceptances and not advancing money?—A. Sir, I have no knowledge whatever of Mr. Gregory's transactions and the way they were done, and I never wished to inquire.

Q. Did you know those transactions were taking place with the firms and people from whom purchases were being made?—A. I knew of some.

Q. I see. Because Mr. Gregory has given us quite a long list. I have a list here, which I think is accurate, as taken from his evidence of some 28 or 29 houses and firms who were selling goods to the department and with whom these transactions were occurring. Did you know generally that that was taking place?—A. No sir. I thought from—Mr. Gregory told me himself of one or two cases in which he was lending money, but he never told me any more. He simply mentioned the matter as—

Q. I see. You will appreciate at once the reason I am asking you these questions, no doubt, because I may follow it up by asking you directly, did you ever make any report to the minister or deputy minister in regard to that matter?—A. I don't remember that I did. I may have spoken to them about that, but I did not make any report.

Q. It is important, because if you had knowledge of the course being pursued one would expect you would report it. That is the reason I am asking you if you had the knowledge?—A. I don't remember having reported it, sir,

Q. Then again, in a word, what did you have personal knowledge of?—A. I had simply personal knowledge that Mr. Gregory was lending money.

Q. You did not know how that was done, in what way?—A. No, sir, I didn't know anything at all about those transactions.

Q. Did you know he was receiving five per cent upon the amounts of the invoices or accounts?—A. No sir, never.

Senator CHOQUETTE.—That is not absolutely correct.

Mr. WATSON.—My learned friend says that that is not quite correct. It is correct to a large extent, subject to modification. There are cases when he did not receive that amount, as my learned friend says.

Senator CHOQUETTE.—That is why I say it is not absolutely correct.

Mr. WATSON.—It is the rule.

Q. You say you had not personal knowledge of that?—A. No sir.

Q. To your knowledge did Mr. B. H. Fraser know of it?—A. I could not say, he never spoke anything of it.

Q. Of course you would only know by reason of any communications between you and him. Was the matter ever discussed between you and him?—A. No, sir.

Q. Was it ever discussed with any other official?—A. I don't remember any discussion of that subject between me and any other official.

Q. I would like if you would refresh your recollection, because, as affecting officials, it may be important to know accurately if there was any discussion?—A. Well, sir, such as I can recollect there was no discussion of this matter.

Q. I see. Had you any knowledge directly or indirectly by merchants and others who were selling goods to officials of the department, or rather employees of the department?—A. No sir.

Q. Did that come to you by hearsay or otherwise?—A. No sir. I never was aware that money was paid to officials of the government.

Q. I see, you never became aware of it?—A. I never became aware of it.

Q. There has not been any suggestion or any information at all in such careful work as my learned friend and could not do to lead you to think for a moment that you have participated in any of these matters, Mr. Engineer?—A. No sir.

Q. I do not know therefor whether it is necessary to ask you the question. You say you had no such knowledge of any such course having been pursued?—A. No.

Q. With anyone?—A. With anyone.

Q. Now, the correspondence shows that there was more or less complaint and difficulty by reason of delays in forwarding accounts. What do you know of that?—A. Well, the only reason in some cases when accounts might have been delayed, if those accounts were for construction, that is for my work, and if I was absent in the Straits or anywhere else on the trip this might be caused. As to any other kind I have no knowledge.

Q. Then have you any knowledge of delays arising otherwise than through temporary absence?—A. No sir.

Q. Eh?—A. No, sir.

Q. Have you any knowledge of delays occurring in the head-office of the department which were subject of complaint?—A. Well, yes I have. That is, I received many complaints of people waiting for their money, such as pay of crew of boats and things like that, but nothing in a general way. I suppose it was inside of a couple of weeks or months.

Q. You do not know where these delays arose, whether in this office or somewhere else?—A. I am not ready to say whether here or somewhere else, but I know pay-lists have been sent to Ottawa and delayed, we have had to ask for payment in Ottawa as soon as they could.

By Hon. Mr. Cassels:

Q. Mr. Parent this letter of March 17. What you state is, when you came to Quebec you were handed over all construction matters and expected to control more or less the issuing of orders as well as the cost of material. Was there anything said before you left Ottawa about your duties?—A. No. But generally when an engineer is appointed——

Q. Just answer my question?—A. No sir.

Q. That is you were appointed engineer and you would take it for granted you had something to say as to the cost of material, being responsible for the work?—A. Certainly.

Q. Amongst other things the brick?—A. Yes, your lordship.

Q. You say you made inquiries about that. What was it?—A. About brick.

Q. And what did your inquiries lead you to?—A. The inquiries I made to find out, aud I found out I could get brick of the same quality that we were getting at $9 for $7.25.

Q. Was that brick of equal quality?—A. To my knowledge it was.

Q. Are you acquainted with brick?—A. Yes sir.

Q. Then you say you reported that to Mr. Gregory?—A. Yes sir.

Q. And you told Mr. Watson what took place?

Mr. WATSON.—In the presence of Mr. Fraser.

By Hon. Mr. Cassels:

Q. Yes, in the presence of Mr. Fraser. You reported that?—A. Mr. Fraser was there present at the discussion.

Q. Now, you have not stated to Mr. Anderson in this letter the specific fact that the brick could have been got cheaper but merely that you were called down?—A. Well Mr. Fraser and his representative was there. I suppose he arranged that matter with him.

Q. And Mr. Fraser is the Fraser in the office with Colonel Anderson?—A. Yes, sir.

Q. I see later on, a couple of days, you were called down by Colonel Anderson. He says on March 23, ' in reply to your personal letter of the 17th with reference to

your certifying accounts for construction, I have to advise you Mr. Fraser's intention was to have you certify only to the correctness of the quantities and the amount of labour, leaving Mr. Gregory responsible for the prices. Mr. Fraser is going to Quebec to see you and Mr. Gregory and will discuss matters personally with you.' That is so far as you are concerned as to the prices?—A. Yes sir.

By Mr. Watson:

Q. Of course, Mr. Parent, it is manifest, reading the letter his lordship has just referred to, that Colonel Anderson, the chief engineer must have had an interview with Mr. Fraser meantime?—A. Yes.

Q. And you expected that Mr. Fraser would convey the information to Colonel Anderson?—I suppose so sir.

Q. And yet, notwithstanding the fact of what took place in Mr. Fraser's presence and the interview between Mr. Fraser and Mr. Anderson, you got this letter from Colonel Anderson in which no reference is made to the serious subject. That is what you say?—A. That is what it looks like. I cannot go otherwise than by the facts.

Q. Did you have an interview with Colonel Anderson following upon that ?—A. I don't remember any.

Q. Had you not ?—A. Since I have had, but there was never any question of that special case.

Q. Did Colonel Anderson ever speak to you upon those subjects ?—A. On construction subjects he did.

Q. But about the matters referred to in your letter ?—A. I don't remember of any.

Q. You say you wrote him this long letter that has been read. Did he not speak to you upon these subjects afterwards at all ?—A. I don't remember he did.

By Hon. Mr. Cassels :

Q. Just one other question. Had you anything to do with the construction of those lighthouses at Metis, Matane and some other places ?—A. I had the acceptance of these, that is, I had to see the work was properly carried out by the contractor.

Q. Can you give me any idea of the cost of these lighthouses ? Take the one at Matane.—A. No, sir. The contract was given in Ottawa.

Q. I know the cost of the cement work, we have had that. You do not know anything about the total cost completed ?—A. No, sir. The apparatus is always bought and paid for in Ottawa.

Q. That information will have to be got in Ottawa ?—A. Yes.

By Senator Choquette:

Q. When you were appointed to Quebec no instructions were given to you about prices ?—A. No, sir.

Q. You were sent here just to look over the work of construction, that was all ?—A. Yes, sir.

Q. You had no special instructions about the prices here and there ?—A. No, sir.

Q. Now, when you were looking for prices outside of Quebec it was for your own information in order to make an estimate of the cost of special work, I suppose ?—A. Yes, just to find out how much the things would cost.

Q. When Mr. Gregory told you not to ask for prices outside of Quebec, did he mention at the same time he had to buy goods in Quebec ?—A. I think you misunderstand.

By Hon. Mr. Cassels :

Q. I think you said the prices were asked outside of Quebec ?—A. Outsiders, not outside of Quebec, but from other people than those we were generally buying from.

By Senator Choquette :

Q. When he told you not to ask for prices, he meant not from people on the patronage list ?—A. I suppose that is what he meant.

Q. Did he not tell you that he had a list with the names of parties from whom he had to buy goods ?—A. I knew he had, I know there was a list.

Q. And this list was given to him by friends of the government, I suppose ?—A. I suppose so.

Q. Exactly. I think you said that the prices varied pretty much between cities, even in this province ?—A. Yes, there is fluctuation.

Q. That all depends, I suppose, on the quantity you buy at one time whether you buy wholesale or retail ?—A. We never bought bricks very much in wholesale, it was more in retail prices, that is in retail quantities.

Q. Now, you say that Mr. Gregory has told you he was lending money to different parties ?—A. Yes, in a friendly way without any secret whatever.

Q. Did he tell you that he even lent money to the government ?—A. Yes, I was aware of that.

Q. You were aware of that ?—A. Yes.

Q. Then he was advancing money to the government to pay accounts ?—A. I was aware in the same manner that Mr. Gregory was telling me. I happened to be present in certain conversations between Mr. Mailloux and himself where it was a question of him lending money to the government.

Q. Now, did you say that you think you mentioned that to the minister or deputy minister ?—A. About what ?

Q. This lending of money by Mr. Gregory?—A. I don't remember of having spoken.

Q. I thought you said you did not remember, but you might have?—A. I might have, but I don't remember.

Q. Now I think you said that even pay-lists sent to Ottawa were delayed there ?—A. To my knowledge they were delayed there in a question of certain crews of ships.

Q. Do you know who advanced money to pay those men?—A. No. I have not really, I cannot tell.

Q. That is all.

Gregory Odell was called but was not present.

Senator Choquette.—He told me he has not received any subpœna.

Mr. Watson.—Are you representing him?

Senator Choquette.—No, but he told me he has been here following the *enquête* very closely and as he has not received a subpœna he thought he was not required.

Mr. Watson.—I am not suggesting he is keeping out of the way. I will call Mr. Holliday.

Mr. Ahearn.—My lord, before Mr. Holliday goes into the box I have an application to make on behalf of Mr. Desjardins. This man is no longer in the service, but he considers he has a grievance against the agent here in Quebec, that he was thrown out of the service through the agent's fault. We have here a letter from the Minister of Marine, Mr. Brodeur, to the following effect: It is written in French. I will translate it into English.

Hon. Mr. Cassels.—One second. I want to see what we have got to do with it.

Mr. Watson.—My learned friend was kind enough to speak to me about it. Of course, I inquired at once whether he was an official or an employee of the department and was told he was not. He said he had a grievance. I told him if he would be good enough to give me the particulars of it we would consider them, and if proper to be submitted would advance them in evidence. I pointed out to my learned

friend that an outsider merely as a witness should in the regular course address himself through us, for your lordship's information. I would be very glad if my learned friend would submit the information to us, and if we find it bears upon matters here we will present it certainly.

Hon. Mr. CASSELS.—You had better do that, Mr. Ahearn.

Mr. AHEARN.—We are willing to furnish particulars.

Hon. Mr. CASSELS.—Well, furnish them to Mr. Watson.

Mr. WATSON.—Then, do I understand he has a right to proceed?

Hon Mr. CASSELS.—You do not understand anything of the sort until we know the nature of this grievance. I am not here to clear the character of everybody in Quebec, you know.

Senator CHOQUETTE.—I know of this. We have received letters from this man, my client Mr. Gregory has received letters threatening him for damages.

Mr. AHEARN.—We are going to sue him.

Senator CHOQUETTE.—We are willing to defend any proceedings. It seems to me they do not want to proceed, but wish to use this court instead for taking civil proceedings.

Mr. WATSON.—We will get the information.

Mr. AHEARN.—My lord, I do not want my learned friend to presume to speak for my client. Here is our position——

Hon Mr. CASSELS.—Mr. Ahearn, I do not know what benefit you expect to get from this statement. I do not wish to hear anything further now. Submit your papers to Mr. Watson, and if he thinks it is a proper case to bring before me it will be proceeded with.

Mr. AHEARN.—This is the application I am making.

Hon. Mr. CASSELS.—The application is granted.

Mr. WATSON.—My learned friend must not be under any misapprehension. My learned friend must understand that what your lordship has said is that if he will be good enough to hand his papers to my learned friend and to me we will apply ourselves to them at the earliest possible moment, and if the matter appears to be within the scope of this commission we will submit it to your lordship.

Senator CHOQUETTE.—On behalf of Mr. Drolet, who has been subpœnaed, I should be obliged if you could hear him at latest this afternoon. He is a big butcher and Saturday is a very busy day with him.

Mr. WATSON.—We will call him early this afternoon.

Hon. Mr. CASSELS.—Yes, this afternoon.

JAMES HOLLIDAY, recalled.

By Mr. Watson :

Q. Have you now the particulars, Mr. Holliday, that were set forth on the leaf or leaves which were originally in this book ?—A. Yes, sir.

Q. Look at the books again, if you please. (Handing books to witness.)—A. I might tell you, Mr. Watson, I very seldom look in these books at all, I know very little about them.

Q. We find they are as spoken of yesterday—in order to facilitate—that account No. 8 being your own personal account at one time appeared in that book, and now it does not, that is the fact ?—A. Yes, sir.

Q. Can you give any further information of how the leaf or leaves happened to be taken out ?

Hon. Mr. CASSELS.—I do not understand, Mr. Watson, that it is a personal account. It is a special account.

Mr. WATSON.—Yes, my lord, quite correct.—A. Yes, sir, it was taken out.

Q. Yes, taken out ?—A. It was transferred, was it not, to the other ?

Q. The leaf or leaves that were there are not there now ?—A. They were transferred.

Q. Therefore taken out ?—A. I think they were transferred, according to my bookkeeper, to the transfer ledger.

Q. Have you obtained any personal information about it ?—A. From the bookkeeper.

Q. Have you ascertained what was entered in that special account ?—A. Yes.

Q. What was it ?—A. It was—well, the amount was lying there, the special account had been there for sometime during my brother's lifetime before we——

Q. Wait, please. You are a little bit ahead for the moment. It is not so much a matter of explanation as it is of the figures and entries which were on those pages.—A. Yes, sir.

Q. Do you know what they were ?—A. Well, from what you showed me when I looked it up the other day—I won't swear to it, but I think it was $5,000 odd.

Q. Yes, that is a lump sum. Do you know now what the details or particulars were, and, if so, will you kindly produce them ?—A. Well, there were no particulars except that that had been transferred from time to time. It was merely to my credit.

Q. What was transferred ?—A. That amount.

Q. Well, how was that amount made up, Mr. Holliday ?—A. That will show in the previous ledger, the old ledger.

Q. Let me see it, that is what I want to see.—A. From an old ledger that had been existing during the time my brother was in partnership.

Q. Let me see it. Now, while that is coming, the fact is, as I understand from Mr. Gregory's evidence, that you paid him certain moneys as commission ?—A. No.

Q. You paid him certain moneys ?—A. Paid him moneys ?

Q. From time to time during the year 1904 up to the present time ?—A. Yes, sir. Well, not up to the present. No, a short while ago.

Q. Until he left office ?—A. Yes.

Q. About how much do you know did you pay him ?—A. No, sir, I could not tell you.

Q. You could not tell ?—A. No, sir.

Q. Just leave that for a few minutes then (old ledger produced.) You could not tell how much you paid him ?—A. No, sir.

Q. Have you an account in your book with Mr. Gregory ?—A. No, sir, I don't think so.

Q. Why not?—A. Well, I don't know, I couldn't tell you that.

Q. People to whom you are indebted you have accounts with, have you not?—A. I don't know, not always.

Q. Not always ?—A. That we are indebted to ?

Q. Yes. You have accounts with people with whom you have business transactions, have you not?—A. Mostly.

Q. Mostly. This was an important business trancastion, was it not, with Mr. Gregory?—A. More or less important, yes.

Q. Can you explain why it was not made a matter of entry and record in your books?—A. No.

Q. You cannot explain it?—A. No sir.

Q. Was it purposely and for reason omitted?—A. No sir, no, no, nothing of the kind.

Q. But I understood you to say that you could not tell me what the amount was. There were these transactions more or less important, no reference in the books at all to them, that makes it a little mysterious, Mr. Holliday, does it not?—A. It was certainly not intended that way.

Q. Not intended to be mysterious?—A. No, there was no such intention.

Q. Then can you inform me, can you give me any idea how much it was, $10,000?—A. Oh no.

Q. Not as much as that?—A. No, although I could not tell you the exact amount.

Q. It might have been $5,000?—A. I could not tell you, sir.

Q. You could not tell?—A. No.

Q. And yet you were the proprietor of the business, or rather you have brothers associated with you?—A. I had.

Q. You have?—A. I had.

Q. And have?—A. He is dead since.

Q. So that you are now the sole proprietor?—A. Sole proprietor.

Q. And the fact simply is that you are not able to obtain, you have no information as to the amount of that account?—A. No sir, further than——

Q. You cannot furnish any further information than within $5,000 of it?—A. No sir.

Q. The amount paid to Mr. Gregory—you knew at the time these payments were being made he was the agent of the department under salary?—A. Yes sir.

Q. You knew that?—A. Yes.

Q. And you were getting orders from him from time to time for goods, or rather for work that had to be done?—A. Well, we might have for some small transactions.

Q. What was the character of the transactions, I mean to say representing your account?—A. It was chartering boats.

Q. Chartering boats?—A. And carrying materials for construction and other purposes.

Q. Chartering boats?—A. Yes.

Q. How many boats or ships have you?—A. At present we have two.

Q. Two. How many did you have during 1904?—A. We had one.

Q. 1905 and 6?—A. We had two.

Q. Two. And you still have the two?—A. Yes.

Q. I observe by the correspondence here that you were hiring your ship or boat to the department through Mr. Gregory at $300 a day sometimes: Is that right?—A. That might be. Not with Mr. Gregory.

Q. Well, to the department of course?—A. Yes.

Q. Not personally to Mr. Gregory?—A. No.

Q. From our standpoint that seems to be a pretty large amount per day. What is the usual allowance per day in other cases than with the department?—A. Oh, I have chartered the same boat on different occasions for $300, $350, $400 per day.

Q. Yes.—A. Yes sir.

Q. You mention larger sums, and I suppose you will say you have also chartered it for perhaps $150 a day?—A. No sir.

Q. What is the lowest? You have given me the highest apparently?—A. The lowest is $250.

Q. $250?—A. Yes sir.

Q. Is that for in Quebec?—A. Anywhere.

Q. Anywhere $250?—A. Yes.

Q. I see. The greater part of the time then you were not able to get more than $250 is that right?—A. It does not follow, it depends entirely on the work the boat is going to do.

Q It depends on the work the boat is going to do, and depends something on the person who requires the work to be done, is that right?—A. The person who requires?

Q. The person or firm who requires the work to be done?—A. I don't quite understand that question.

Q. I suppose if you get an order from someone who was very able to pay you would probably charge more than to another one. That is exactly what I mean?—A. No, it is the nature of the work, Mr. Watson.

Q. Have you any schedule of prices?—A. No, we have not.

Q. Have you any fixed prices?—A. No.

Q. Did you ever have prices with the department fixed?—A. Yes.

Q. With whom?—A. The minister.

Q. What minister?—A. Mr. Brodeur.

Q. What prices did you have fixed?—A. We had fixed with him for when the boat was working in 1905, throughout 1905, yes, but following 1905 when she was working during the fall of the season in 1906.

Q. 1906, the fall of 1906?—A. 1906, and they took her on late in the season, and she was working down in the Gulf at most hazardous work going from one light to another, not only carrying construction material, but carrying supplies for maintenace of the lights. She was running right up to the month of December, the 16th, when according to my arrangement she was insured for twelve months and the insurance called for her to be out of the St. Lawrence by November 30, but she was down in the gulf furnishing lights in the middle of December.

Q. When did she start on that occasion?—A. I could not tell.

Q. About what time?—A. Sometime in September, I think.

Q. September?—A. I think so.

Q. It would not be hazardous in September?—A. Yes, that is when we get the equinoctial gales.

Q. They last for only a few weeks?—A. After that the snow starts.

Q. That is not until December?—A. We get snow storms in October in the gulf of the St. Lawrence.

Q. Then you say on that occasion you had an arrangement with the minister?—A. Yes.

Q. In writing?—A. Yes.

Q. Have you got it?—A. I don't know, yes.

Q. Let me see it?—A. (Produces contract.)

Q. This is the contract you referred to that was made between you and the Crown as represented by the minister of this department?—A. Yes sir.

(Contract marked Exhibit 209.)

Q. This is chartering the steamship *Aranmore* from September 20 to November 02?—A. Yes sir.

Q. 'Or from day to day after November 30 as shall be mutually agreed upon for work—agrees to pay therefor at the rate of $500 per day of 24 hours for each and every day or *pro rata* for a fraction of any day.'—A. You will notice too that arrangement was by mutual arrangement after November 30.

Q. Yes, during that time?—A. Well, we let her go on at the same rate. We might have asked more.

Q. That is $300?—A. We might have asked more if we had insisted on it..

Q. Now, your arrangement was made I suppose with the departmental officials in the usual way, followed up by the contract necessarily signed by the minister: Is that so?—A. Well, I dare say that was.

Q. But do you remember?——A. I don't quite remember. I dare say they were conferring with the minister before the thing was closed.

Q. You are giving the idea—at least you gave it to me, I may be wrong—that that contract arose or was introduced first by personal conversation between you and the minister. Is that so? Or was it a conversation with an official, followed up by contract signed by the minister?—A. I think it was first of all.

Q. I just want the facts ?—A. I will give you the facts too.

Q. What was the fact ?—A. I think, if not mistaken, I got a message from Ottawa they wanted to see me up there, they were short with a boat, there was something wrong with the *Montcalm* and she could not attend to the work, I won't say for certain.

Q. Well, in that way the contract came to be made ?—A. Yes. They hadn't any boat that fall to do this work I understand, and that is why the *Aranmore* was doing the double work of carrying down construction material and the——

Q. Then that was the general price for other years as well ?—A. No, the following year it was reduced.

Q. How much ?—A. $50.

Q. $250 ?—A. $250.

Q. During the whole of 1907 ?—A. No, that only started in in April or May at the opening of navigation.

Q. I see. Well now you were therefore getting large amounts of money from the department ?—A. Yes, sir.

Q. And you were paying—— ?A. At the same time, Mr. Watson, that is an expensive kind of work to do.

Q. I did not suggest anything to the contrary of that. You were getting large amounts of money—of course, it was more or less hazardous work you say ?—A. Yes; and you have a big lot of men to do that kind of work, everything is landed from the ship.

Q. Listen.—A. Yes, sir.

Q. It was on a portion or portions of these moneys you were getting from the department you were paying 5 per cent to Mr. Gregory?—A. Part of it, yes.

Q. I see, paying 5 per cent to him on these moneys you were getting from the department. The greater part, was it not ?—A. No.

Q. Your bank-book then.—A. I don't know, I haven't got the bank-book here.

Q. Where is the bank-book, have we got it?—A. I think so.

Q. The greater part of these moneys you were paying 5 per cent on, is not that so ?—A. No, sir.

Q. Well, you said a minute ago you could not tell ?—A. I cannot tell, but I say this, I know it was not on the greater part of it.

Q. You know ?—A. I am pretty sure. I won't say definitely, but I say not for the greater part.

Q. And how did you pay it, in cash ?—A. I don't remember.

Q. What ?—A. I don't remember. I think it was. Sometimes I gave him a cheque.

Q. Sometimes you gave him a cheque ?—A. Yes.

Q. And sometimes you paid him in cash ?—A. I don't know that, I won't say that, because I could not swear to it.

Q. But this is quite recent history, you know ?—A. Oh, two years ago.

Q. But from 1907 up to April, 1908, this condition of affairs continued ?—A. Yes.

Q. Then do you not remember as a fact whether you paid him by cheque or cash during this year 1908 ?—A. This year ?

Q. Yes, up to April, the time he quit, cash or cheque ?—A. I don't remember which way he was paid, but I know any money we got from him, when he lent me any money I paid him interest on it.

Q. What do you mean by 'lending' you money, did he actually give money to you ?—A. No.

Q. Then what do you mean by lending you money ?—A. Well, doing a large business like we are doing with them steamers and business as well we require a credit to carry on our business.

Q. I am not asking you about your general business.

Senator Choquette.—That is a good answer.

Witness.—I will explain if you will allow me a few minutes.

By Mr. Watson :

Q. All right.—A. Our bankers when——

Q. Mr. Holliday please wait. That is not what I am asking you, and I will give you an opportunity for your explanation later. You said Mr. Gregory was lending you money, and I think you said he did not give you any money. It was by

reason of that answer I asked you what you meant by saying lending you money?—A. Lending and giving, as far as that goes it was not lending; I got accommodation from him.

Q. You mean, I suppose——A. He was taking responsibility.

Q. What?—A. He was taking responsibility.

Q. Was he?—A. Well——

Q. Was he?—A. Certainly he was.

Q. What responsibility did he take?—A. Well, if he lent us any money like that or went responsible for any money for us, why if we did not get it or if we wanted our money in the meantime we had to have it.

Q. Listen to me. You have been here throughout and know the character of the evidence in other cases. Yours was of the same kind, the same as Mr. Murphy's and the others —A. I don't know about those. I know my own business.

Q. Then in some cases you put in drafts upon him, that is right —A. I think so.

Q. What did you do with the drafts—A. I think they went through the bank.

Q. That is, you discounted the drafts —A. Yes.

Q. And you paid the bank, I assume, discount interest?—A. Yes.

Q. That is in the ordinary way, is that right?—A. Yes sir.

Q. And in that way you got the money from the bank?—A. Yes sir.

Q. So that in the cases that you have referred to Mr. Gregory's name was upon the paper which was discounted: Is that right?—A. I——

Q. Was his name on the paper which was discounted?—A. It might have been. I cannot—I suppose it was, I dare say it was, in cases it was.

Q. Do you know if it was, was it for putting his name on the paper that you gave him 5 per cent of the amount of the invoice?

Senator CHOQUETTE.—Not the invoices.

Mr. WATSON.—Listen. I have asked my question.—A. No.

Q. What?—A. No sir.

Q. What did you give him the 5 per cent for?—A. For helping to obtain money from the bank, for what money we required.

Q. Was it a matter of influence with the bank or was it a matter of putting his name on the paper, which?—A. Well, I will tell you, Mr. Watson. I have gone to the bank at times for money, and they only allow us a certain——

Q. You had a line of credit?—A. A certain amount of money, and if you got over that line they require——

Q. An endorser?—A. Yes; and I can prove that by our banker too.

Q. That is all right. What I asked you then was, was it for endorsing the paper, or putting his name on the paper that you gave him 5 per cent on the amount—yes or no?—A. No no. He is responsible for it like ourselves until it is settled.

Q. Meantime he gets the account, doesn't he? Answer up please, Mr. Holliday?—A. I don't quite understand your question.

Q. You transferred the account against the government to him?

By Hon. Mr. Cassels:

Q. You assigned the account?—A. Yes, my lord.

By Mr. Ahearn:

Q. And was the account right, was there any doubt about the accounts being correct?—A. No.

Q. Well then, the money was certain to come from the government in the ordinary course: Is that not so?—A. Yes sir.

Q. So that there was no risk in the matter?—A. Even so, when you——

Q. Listen?—A. When you go to the bank, Mr. Watson, and explain things like that, it is not always you can get money from them.

By Hon. Mr. Cassels :

Q. Did you ever go to the bank and offer to assign your contract with the government, to transfer to the bank the moneys coming from the government as collateral ?—A. No, my lord.

By Mr. Watson :

Q. Do you think if you had tried that you would not have got it put through with the ordinary bank discount rate ?—A. Well——

Q. Don't you think so ?—A. I might have.

Q. Then why not do so and save that 5 per cent on the face of the invoices ?—A. When I went to the bank the bank manager told us they required some additional endorsation.

Q. As his lordship asked you, and I intended to follow it up of course as to whether or not you mentioned to the banker that you had an account against the government and you would give him that as security, that you did not do ?—A. No.

Q. It didn't occur to you eh ?—A. I went to the bank manager——

Q. It did not occur to you ?—A. No.

Q. And yet it occurred to you to say that to Mr. Gregory ?—A. Because when I went to the bank the manager suggested it.

Q. Suggested what ?—A. Suggested getting an additional name to it.

Q. Did he suggest Mr. Gregory ?—A. No.

Q. Try and think ?—A. No, sir, not that I know of.

Q. Not that you know of ?—A. No.

Q. I see. It has been already stated by Mr. Gregory that the same banker was his nephew ?—A. No. Most of our business was with the Hochelaga Bank, that is since 1905.

Q. Since 1905 ?—A. Yes. You are referring to the *Aranmore.*

Q. The business before that was with the Peoples Bank ?—A. The Peoples Bank of Halifax, and they amalgamated with the Bank of Montreal. We then went to the Hochelaga, transferred to the Hochelaga.

Q. Yes. Then as a matter of ordinary prudent management of the business it seems a little odd, I think you will agree, that you did not go to the bank and assign the account there if you wished to have the money ?—A. I might have.

Q. You might have ?—A. Yes.

Q. You no doubt would have got that if you had done so ?—A. It never occurred to me. I didn't know.

By Hon. Mr. Cassels :

Q. Were those sums charged to your special account or to the firm's account, the 5 per cent ?—A. That I don't know, my lord.

Q. The 5 per cent you paid to Mr. Gregory ?—A. Whatever the amount was.

Q. It was the firm's transaction. I want to know whether that 5 per cent paid to Mr. Gregory was charged in your books to your own name, to your special account, or to the firm's account ?—A. That I could not tell you, my lord.

Mr. Watson.—Well, can you find out Mr. Holliday ? The other day I asked for the production of the books, and I think I asked you to try and familiarize yourself with these matters.

By Hon. Mr. Cassels :

Q. It is a matter of great importance to you to find out this information ?—A. That I cannot.

Q. As it at present appears, you have no entry of this in your books. If it were an ordinary business transaction it would appear in the books as part of the firm's business. We find that special account taken out, transferred to another ledger months afterwards, and we cannot find any trace of how the 5 per cent is paid.—A.

That amount, my lord, that special account never was—that money was lying, when my brother died it was lying to my credit and has never been drawn. There is quite a misunderstanding.

By Mr. Watson :

Q. You cannot tell at all where that was entered in this statement ?—A. No, I could not. I think——

Q. So that these items may have been entered in the so-called special account ? —A. No, sir.

Q. Eh ?—A. No, sir.

Q. Well, where are they, do you know ?—A. No. That special account, Mr. Watson. When my brother was in the business we used to divide up our profits at the end of the year..

Q. Show it to me.—A. Here it is.

Hon. Mr. CASSELS.—Is your book-keeper here, Mr. Holliday?

Mr. WATSON.—Yes, my lord.

Hon. Mr. CASSELS.—Surely, the book-keeper can tell.

Mr. WATSON.—The books, as I remarked the other day, my learned friend and I have spent considerable time over the books and as far as they go they have been kept most admirably, what appears in them is in perfect order, there is a perfect system apparently.

Hon. Mr. CASSELS.—I would have thought the book-keeper could tell in a moment whether this 5 per cent was entered up as a business transaction in the book.

By Mr. Watson:

Q. Is that so, are the five per cent payments entered up in the book?—A. That I don't know. They are not in this book.

Q. In any book?—A. I don't know, that I cannot tell you.

The BOOK-KEEPER.—No sir, I never heard of any five per cent going to Mr. Gregory.

Hon Mr. CASSELS.—It never went through the books as a firm transaction?

The BOOK-KEEPER.—No.

Hon. Mr. CASSELS.—Do the books show?

The BOOK-KEEPER.—No, nothing is shown in the books.

By Mr. Watson:

Q. Mr. Holliday, the book-keeper has stated in our presence that he as book-keeper never knew of the payment of this 5 per cent to Mr. Gregory?—A. He knows we have had moneys from Mr. Gregory and that we have had these transactions with Mr. Gregory and borrowed money from him. He knows that as well as I do.

Q. Is there an account with Mr. Gregory?

The BOOKKEEPER.—There is a small account in 1902 amounting to $36.

Mr. WATSON.—After 1902 any account with Mr. Gregory?

The BOOK-KEEPER.—No, sir; the Department of Marine and Fisheries.

By Mr. Watson:

Q. Well, I don't know what to do. What are you showing me now?—A. I am showing you the balance of account at the time for my brother—that special account.

Q. Special account?—A. Yes.

Q. This is in a book called H. B. What is H. B.?—A. Holliday Brothers.

Q. 1898 at page 124. 'James Holliday, special deposit, Merchants Bank.'—A. Yes.

Q. Special deposit that is marked. Here is an entry in this, April 30th, 'By profit and loss, $10,018'?—A. Well, that is away a great many years back. I don't know you have any right to look into my affairs away back in 1890. Those things are all back away along before 1904.

Q. Yes. Well, this is carried forward, this is balanced?—A. I——

Q. Listen, please. 'By balance of this special account, $5,751.25.'—A. Yes, sir.

Q. There are no names mentioned in this account at all?—A. No sir. That is my own personal account. I have given money——

Q. Debit and credit, that is all?—A. Debit and credit, and I put my own back.

Q. Just wait, please. The entries for the most part are in thousands or two thousands or more. Had this account anything to do with the dealings with the department?—A. No sir. That is a long way ahead of that.

Q. When was the first dealing you had with the department?—A. 1904, I think somewhere around 1904.

Q. I think the book-keeper said something about 1902?—A. No, sir.

Q. That was with Mr. Gregory. Now, what is the item mentioned in that book?—A. It is the same amount as there is there sir.

Q. Let us see. You say in the one book there is something entered, is there the page is out?—A. Yes, the page is out.

Q. It is out altogether?—A. Yes.

Q. So there is nothing to go by in that book ?—A. No, sir.

Q. Except the fact that a leaf or leaves are missing ?—A. They are missing. I don't know whether they are missing or not, they have been transferred to the other book.

Hon. Mr. CASSELS.—Does it show the date when wiped out in profit and loss ?

Mr. WATSON.—Yes, my lord. The last date in this account is August 10, 1901.

Hon. Mr. CASSELS.—The amount ?

By Mr. Watson :

Q. $5,751.25. Now then, No. 8 is out there ?—A. Yes, sir.

Q. But there is a No. 8 in this book ?—A. Yes, sir.

Q. And this entry is 'James Holliday, special, 1904, to amount transferred, $5,751.21.' On the other side is, 'May 1, 1902, by balance, $5,751.21.'—A. That has been transferred.

Q. Wait please. That was balanced up in this old book ?—A. Yes, sir.

Q. Will you explain to me why this entry should be made in the new book on the other side. The first entry is May, 1906. Why should this entry of 1901, this item of 1901, August, 1901, be brought into this account which commences May 1, 1906, and which apparently has nothing to do with that account ?—A. That is brought in sometime.

Q. It is on the same date. It is on another sheet, it is on the opposite side ?—A. That is my brother's.

Q. What I mean by it is this—I don't make myself clear—that the entries that are current there, the preceding page commenced May 1, 1906, and here we have a date of 1904 on the opposite page, and when we come to look back we find that relates to an old account closed up August 10, 1901 ?—A. Yes.

Q. How do these things get mixed up in this way, can you tell ?—A. No, sir.

Q. You personally cannot tell?—A. No. The book-keeper will tell.

Q. There is no use pursuing the evidence with you on that point as to why that was done ?—A. No.

Hon. Mr. CASSELS.—Can you tell when it was wiped out in profit and loss in your balance ?

The BOOK-KEEPER.—March 19, 1908, my lord.

Hon. Mr. CASSELS.—Can you turn up the ledger to show that ?

The BOOK-KEEPER.—Yes. It is right in the ledger.

Mr. WATSON.—But of course, my lord, that whole thing is balanced away back in 1901.

By Hon. Mr. Cassels :

Q. It has been running as a special account?—A. Yes, my lord. It is an old account where it showed a difference between my brother and myself in the business.

I had that much more to my credit. When my brother died I had to settle up with his estate. Instead of showing right along the balance to my credit, the business all belongs to me, consequently there is no use showing to me personally there is so much more in the business.

Q. You understand these things, why don't you tell them at once ?

Mr. WATSON.—Show the entry wiping off to profit and loss, 1908.

The BOOK-KEEPER.—In the journal, Mr. Watson.

By Mr. Watson :

Q. Well now, of course, when you were making these payments to Mr. Gregory referred to, as you have said, you know that he was the agent of the department under salary ?—A. Yes sir.

Q. And was connected more or less with the business transactions with the department ?—A. Yes, sir.

Q. Yes, so understood by you; and otherwise of course would not have been paid? —A. Which ?

Q. The five per cent to him ?—A. No, I don't say that, no sir.

Q. Eh ?—A. No, sir.

Q. You don't ?—A. No.

Q. Would you have ever gone to Mr. Gregory under the circumstances mentioned and paid in the 5 per cent on the invoices if he had not been the agent of the department ?—A. Mr. Watson——

Q. Just answer yes or no, if you can.—A. If you please, sir——

Q. Yes. Would you have gone to Mr. Gregory and agreed to pay him, what you afterwards paid him, the 5 per cent mentioned, if he had not been the agent of the department?—A. Yes sir.

Q. Do you say so?—A. Yes sir.

Q. You say so?—A. Yes sir.

Q. It was in connection with these business transactions?—A. Well, I don't understand you again, if you will pardon me.

Q. What?—A. I don't quite understand your question.

Q. The question?—A. Yes. I don't quite understand what the question is you are putting to me. You asked if I would go to Mr. Gregory after he left the department.

Q. I did not say anything about after he left the department.—A. Then I misunderstood you.

Q. I think you must have misunderstood. Would you have gone to Mr. Gregory and paid him these moneys that you did pay, the 5 per cent, if at the time he had not been agent of the department?—A. Yes.

Q. You would?—A. Yes.

Q. Would you have given anyone 5 per cent on the invoices for accepting the drafts?

Senator CHOQUETTE.—Not the invoices.

Mr. WATSON.—Some of the invoices.

Q. Would you have done so?—A. Yes sir, and I have done it.

Q. I see.—A. Yes sir, I have done it. I have paid some of the leading men here in town, I have paid them at the bank-rate of interest and two and two and a half per cent on every renewal every two months for some—I won't say how many years, but for a large amount of money, my lord.

By Hon. Mr. Cassels:

Q. Those are entered in your books?—A. They should be, but they would be away back some years ago.

By Mr. Watson:

Q. Before your financial standing was what it is now?—A. That is when I first started in business.

Q. Now, Mr. Holliday, your standing is very high here?—A. Well, we are only dealing with one bank, we have to depend on them, and when they won't give us more than a certain limit we have got to get the money where we can.

By Hon. Mr. Cassels:

Q. If you had gone say to the Bank of Montreal and assigned this security, they would have advanced the money without your paying the same amount of interest?—A. No, the Bank of Montreal don't want the business.

Q. And you think Mr. Gregory's endorsement of more value than an assignment of the contract?—A. No, my lord, I didn't say that.

Senator CHOQUETTE.—In justice, my lord, to Mr. Gregory, I would say this: Supposing they would have assigned that contract and two days after they had failed, the money would have been lost. This contract amounts to nothing. He wished to have the money before.

Mr. WATSON.—Wait, please.

Senator CHOQUETTE.—Just for one instant. I think it only just to my client to call your lordship's attention to this.

WITNESS.—I know that. Supposing the contract——

Mr. WATSON.—This witness does not require any suggestions.

Senator CHOQUETTE.—I just wish to put the facts before the court.

Hon. Mr. CASSELS.—The facts are not out yet. We do not know when the loans were made, how much was earned, we do not know whether Mr. Gregory advanced more than 90 per cent of what was earned. According to the evidence yesterday he would not do so.

Senator CHOQUETTE.—That assignment is no good to the bank, an assignment of the contract, I mean, my lord.

By Mr. Watson:

Q. Mr. Holliday, will you kindly think over these matters as carefully as you can and be here at a quarter past two. Try and help us all you can?—A. I will do all I can for you.

(Adjourned at 1 p. m. to 2.15 p. m. and then resumed).

By Mr. Watson:

Q. Were you able to get any further information as to the books, why the entries of Mr. Gregory's account were not made in the books?—A. No, Mr. Watson, in fact I have not been down to the office. I have been out and had my lunch and come right from there.

Q. Your book-keeper stated in your presence or hearing—it happened to be in my hearing too, and I therefore refer to it now—that he as a book-keeper did not know that five per cent was being paid to Mr. Gregory. How do you account for the fact that he did not know it?—A. Oh, he knew that we were paying Mr. Gregory, he must have, because those notes we gave Mr. Gregory went through the bank.

Q. But those notes did not refer to the five per cent. The question was arising out of the statement that I heard him make here in court, though not in evidence, that he did not know five per cent was being paid?—A. I don't know that he knew whether it was five per cent or what it was. The way I did, Mr. Watson, I tell you I am quite open, I tell you we gave Mr. Gregory, I have given him some notes or cheques for amounts when I got the loans from him.

Q. You gave him the cheqpes. Have you got those cheques?—A. I have not got them. Everything we had in the shape of books and cheques——

Q. Were the cheques made payable to his order?—A. I don't know, they might have been.

Q. What is your recollection, were the cheques made payable to his order?—A. They may possibly have been made payable to bearer.

Q. Why made payable to bearer when it was known they were to be received by Mr. Gregory?—A. There was no occasion, if I was giving it to him direct I did not need to make it out payable to him. If I was to give it to some person else I would have made it out, but I was in his presence there when I gave it to him.

Q. But still in the ordinary course of business the name of the party to receive the money when paid by cheque is entered on the cheque, is that not so?—A. I don't always do so.

Q. Is not that the ordinary course?—A. It may be the ordinary course.

Q. That was departed from in this instance?—A. Yes.

Q. And having been departed from, and there being no trace of his name in the cheques or bank-books or ledgers, it is not very easy to find out exactly how much was paid to him?—A. No, I couldn't say myself.

Q. I see a great many cheques here that you have produced are payable to 'change,' there are a few cheques in 1904 just payable in that way. 'Pay to change or bearer.'—A. Yes, sir.

Q. For certain amounts in 1904. How do you account for the cheques being in that form?—A. We often do that.

Q. You often do that?—A. Yes. For instance, you take——

Q. Wait a moment, please. How are these afterwards entered in the books, to whom are they charged up?—A. I don't know, I couldn't tell you.

Q. You could not tell?—A. No.

Q. Well, did you in each case give your book-keeper directions as to whom to charge the proceeds of the cheques to?—A. No sir.

Q. I don't find any account in the book called change account?—A. No, that is merely to get the cash, sometimes it is put in for change, that is merely instead of cash. Instead of just drawing a mark through or leaving it in bank it is made change. Sometimes we mark it cash or so on. I cannot explain that.

Q. You cannot explain that at all?—A. I cannot explain that.

Q. These cheques are signed by you apparently?—A. This one is.

Q. Take those in 1905 there. I find cheques amounting to $3,515 in 1905 made payable to change or bearer. Can you tell what became of any of that money?—A. Well, this was all made out in the office, it was not made out in Mr. Gregory's——

Q. I am not saying anything about Mr. Gregory for the moment. I am just calling your attention to the fact that there is a large number of cheques for a large amount of money payable to change?—A. We often do that.

Q. Can you tell what became of that?—A. I cannot. The book-keeper can, I presume.

Q. We will have the book-keeper afterwards. I ask you, these cheques being signed by you, whether you gave any direction to the book-keeper as to the entry of them, how do you imagine he could enter them if there was no account called change account at all?—A. No, I cannot tell, Mr. Watson.

Q. The same way in 1906, not so much, $749 charged up that year, change or bearer; 1907, $1,872 charged up in the same way at least, cheques change or bearer.

(Change cheques marked Exhibit 210.)

Q. Cannot you explain that at all?—A. No, sir.

Q. Can you explain this other system of cheques? There was another system of cheques apparently running throughout, cheques payable in blank, just the amount, nothing filled in, 1904, blank cheques.

(Blank cheques marked Exhibit 211.)

Hon. Mr. CASSELS.—How much?

Mr. WATSON.—In 1904, $743.70.

Q. Can you make any explanation of these?—A. No, sir.

Q. You cannot?—A. No.

Q. In 1905 cheques in the same way to blank, no name mentioned at all, in that way payable to bearer, $5,788. No explanation of these?—A. No, sir.

Q. In 1906 cheques the same way amounting to $15,179. Now, Mr. Holliday, just please stop for a moment and think again how that can be accounted for?—A. I could not.

Q. You cannot do it at all. You see there is no name now upon them, there is no endorsement upon them, they are not endorsed by anybody, there is nothing upon the face or the back of the cheques to trace them?—A. No, that is the way we have been carrying on, apparently the way we have been going all through.

Q. In 1907 the same way, blank cheques, $6,693.87?—A. No, sir, I cannot.

Q. You cannot tell at all?—A. I dare say if the bookkeeper was to go through them with you he might be able to tell.

Q. But it cannot be shown by the books apparently?—A. I beg your pardon.

Q. Look at them.—A. I cannot give you any assistance.

Q. Now, of course the question very naturally arises, must necessarily arise by reason of this system and by reason of the fact that you were admittedly paying Mr. Gregory money, the question arises, how much of the proceeds of these cheques went to Mr. Gregory, can you tell?—A. No, sir.

Q. You cannot form any idea how much of these went to Mr. Gregory?—A. No, sir.

Q. Next following upon that you will appreciate is how much of these cheques went to some other official of the department, can you tell?—A. No, sir.

Q. You cannot tell what other officials of the department participated in the proceeds?—A. I don't know.

Q. Oh, you must know what other officials?—A. No, sir. You made the remark this morning—or at least I won't say when it was—you questioned me about the amount of $3,000.

Q. Just wait. Answer my questions.—A. Yes. What I want to say about it——

Q. Well, go on.—A. I say that after you made the remark about the $3,000 I went down to the banks and went through all the ledgers everywhere, and there is no sign of any such payment, and I haven't any recollection of it.

Q. Now then, you bring up the circumstance that you were asked by us, in our efforts to get material and information, in regard to one particular account against the department amounting to $33,000?—A. Yes, sir.

Q. That is what you were asked about ?—A. Yes, sir, that is the one.

Q. And you were asked further whether you received out of that account any more than the sum of $30,000, were you not?—A. Yes.

Q. Now, how much of that cheque of $33,000 did you personally get the benefit of ?—A. We did not get any $33,000. $30,000.

Q. How much did you get ?—A. We got $30,500—$30,300 I think it was.

Q. And what was the amount of that account?—A. I think the account was $32,500.

Q. $32,500 ?—A. Yes, sir.

Q. Was the account objected to ?—A. Apparently it must have been.

Q. Well, was it ?—A. I don't know, because——

Q. You don't know ?—A. No.

Q. Then what became of the other $2,000 ?—A. It must have been deducted from the account.

Q. By whom ?—A. By the department.

Q. What ?—A. I don't know, I couldn't tell you, I don't know. There has been a deduction on it. Whether they had found we had made an excessive charge or what it was I don't remember, but the account we sent in was $32,500 and we got $30,300 apparently.

Q. I understand, see if I am correct, that the account was certified at the full amount and paid at the full amount by the department and that $30,400 or $30,500 or what you say came to your hands. What became of the balance ?—A. No, sir.

Q. What became of the balance ?—A. I don't know of any balance.

Q. You don't know of any balance ?—A. No.

Q. Do you know whether the department paid the whole of it ?—A. I believe not.

Q. What ?—A. I believe that they paid $30,300.

Q. Do you know as a fact ?—A. No, I don't know as a fact, but our books show we received $30,900.

By Mr. Perron :

Q. $300 ?—A. $30,300.

By Mr. Watson :

Q. Now, you say this was called to your attention a few days ago by counsel in that way to give you full information so that you would not be taken by surprise and might inform yourself. Do you mean to say you have not been able to inform yourself since whether the full amount was paid by the department, have you been able to inform yourself whether the full amount was paid by the department ?—A. The full amount has been paid according to what I have seen in the bank ledger, there it is, $30,300.

Q. But you say that was not the full amount of the account ?—A. Well, it is just possible there were deductions made on the account.

Q. Well, you say it is possible. I am trying to get beyond. I am asking you in respect to your own business and your own account.—A. It was a surprise to me myself, I didn't know of it.

Q. A surprise to you ?—A. Yes, it was.

Q. But what I want to know—— ?—A. You have all the books here, Mr. Watson, how could I inform myself ?

Q. Have you been able to inform yourself accurately as to whether or not the whole of that account was paid by the department by cheque from the department ?—A. No, I haven't any means of finding out.

Q. Why have you not any means in your own business of finding whether that is so or not ?—A. Because I have been away out of town. I have been up here all the time.

Q. When was it paid ?—A. I think it was paid in the end of June.

Q. The end of June of last year ?—A. No. That account was due, sir, for work done in 1904.

Q. 1904?—A. And it was paid in 1905.

Q. For work done in 1904 and paid in 1905?—A. Yes.

Q. Well, now, where were you at the time it was paid?—A. When—excuse me, at what date was that?

Q. I ask you, do you remember?—A. I cannot tell you without referring to our cheque-book and stubs.

Q. Well, have you looked them up? You have been making inquiries you say.—A. I looked to see. I don't remember—I saw the amount, but I don't remember the date.

Q. I have got the account, my lord.—A. I tell you another thing, Mr. Watson—

Q. Let us finish up one thing before we go to another, please. Let me see your account-book containing your accounts rendered. Can the book-keeper help? Mr. Book-keeper, bring the book showing the accounts as rendered.

The Book-keeper.—You will find them in those letter-books.

Q. Your book-keeper says there is a general account, but there is no copy of it in the books.

The Book-keeper.—We have loose leaves, Mr. Holliday is in possession of them.

Mr. WATSON.—Let me have the leaves. You have got them in your pocket-book. You hand me these accounts. There are two or three of them and together they amount to $32,530. These are 1904, June, July, August, September, October and November. The book-keeper says they amount to $32,530. How was that account collected, in what way, did you give a power of attorney to endorse the cheque?—A. I don't remember whether it was done.

Q. You don't remember. Did the cheque come to your office?—A. I don't remember the transaction at all, Mr. Watson, how it came.

Q. You don't remember the transaction at all?—A. No.

Q. Have you no information about it at all?—A. I have not got any.

Q. You have not any information about it?—A. No, sir.

Q. Then can you account for the difference?—A. I cannot. I was surprised when I saw those the other day. I told the book-keeper.

Q. The other day. What about 1904? That is the time to be surprised, if there was any surprise?—A. Just about that time we had a steamer ashore and I had to go down in the gulf. I was away ten days looking after the steamer. It may have come at that time.

Q. It may have?—A. Yes.

Q. Will you say you were not here at the time?—A. I won't say; but I have——

Q. Was $2,230 a matter of importance to you in your business at that time?—A. It was, but my attention was not called to it.

Q. Your attention was not called to missing $2,230 ?—A. I didn't know anything about it, and that is why the other day I was surprised when I saw it. I asked my book-keeper to look up and see where it is, and he said the only amount received was $30,300.

Q. Let us see. We will have to look at these books. Now then, Mr. Holliday have you any knowledge or information of what became of that $2,000 or $3,000?—A. No, sir, I have no knowledge of it. I went down yesterday morning and I spent the whole forenoon looking in the ledgers in the bank for it, and there is no trace of it anywhere, and I have no recollection of it either. I went down there to satisfy myself.

Q. Apart from Mr. Gregory, what other official or employee in the department received money from you in 1904?—A. None.

Q. Why, a few minutes ago I understood you to say that you did not know.—A. Which? No, sir, I don't think I made any such answer.

Q. I don't think I asked you for 1904, but I asked you the question what other officials of the department had received money from you during the period, and I understood you to say then you did not know?—A. I don't. What other officials? I don't know.

Q. Yes.—A. I never made any such statement.

Q. Did any other official of the department here in Quebec or in this province or from Ottawa receive any money or cheque or anything representing money from you during the year 1904?—A. No.

Q. What ?—A. No, not to my recollection.

Q. What?—A. Not to my recollection.

Q. Not to your recollection ?—A. No, I have no knowledge of it.

Q. Of course, Mr. Holliday, you recognize that that is an important qualification or it may be an important qualification of your former answer?—A. Have it again sir.

Q. Well, you say not to your recollection. You recognize that is an important qualification of your previous answer, do you not? Of course, it is manifest it is so. Now, just think again. Say whether or not you are prepared to adhere to the statement that in 1904 no other official or employee of the department here or in Ottawa or elsewhere received any money or equivalent of money from you ?—A. I know of none.

Q. You know of none. Is there anyone in your business that would know of it if you do not?—A. I don't know.

Q. Is there anyone in your business that knows more of the business affairs and payment of money than yourself ?—A. No. Oh, of course there are times when I am away I let my book-keeper—when I am away a great deal my book-keeper makes payments and so on.

Q. That is the gentleman who is here?—A. Yes.

Q. Have you any reason to think that your book-keeper has any knowledge or information of payments to any official or employee of the department during that year?—A. Well, don't you think you had better put that question to him yourself.

Q. I am asking you. Have you any reason?—A. I haven't any reason.

Q. To know that he has information on the subject?—A. No.

Q. Then at page 167 comes this, on June 16, 1905, there are entries of two credits, one for $20,792.25, the other $9,607.75, that is $30,400. Now, you have no means here in your books of telling me at what amount these accounts were rendered?—A. At what sir?

Q. At what sum these accounts were rendered?—A. No sir, I have not.

Q. These accounts that are shown here amount to $32,530—well, $30,300, and you have entered in the books here $30,400. There is another hundred out there, a hundred in rather?—A. I don't know.

Q. I am reading from the books of the department, from a summary made of the books of the department. I am sorry to say that I have not here, my learned friend and I have not here from the department the originals of this account. I supposed it was, but it is not included in the accounts we have, through some accident undoubtedly. —A. I cannot tell you anything more than I have, Mr. Watson. That is all I know.

Q. Well, Mr. Holliday, you must recognize you are leaving us in a very unsatisfactory position and yourself too, I think?—A. Then if I am I am sorry for it. I cannot help it. I have no other means. I went to the bank yesterday, went through the ledgers over and over again, looked up all the amounts there and anything else, and there is no trace of anything to my knowledge and I don't know anything,I don't know anything. And when you told me that, when you spoke to me the other day you worried me so much about that I could not rest for it.

Q. I thought I was doing you a service in directing your attention to the matter? —A. You meant the best, but you gave me a lot of worry, because I have no recollection of it.

Q. We were doing our own duty as well by trying to get at the facts and information, so we have been following it up for a few days ?—A. I have no knowledge of it.

By Hon. Mr. Cassels:

Q. Did you get the cheque yourself?—A. No sir.

Q. Where did the cheque come for $30,300?—A. It came to the bank.

Q. Direct to the bank?—A. Yes sir.

Q. From where?—A. From Ottawa. Anyway, that is the amount. I might say this, I might make a statement that the other day I telephoned down after you had spoken to me, Mr. Watson, I telephoned down to the Marine Department and asked Mr. Mailloux if he would give me the accounts received and he gave me that. I understand $30,300, it might be $400, it is either $30,300 or $400. I have been looking everywhere to try and find that out and I have not been able to. I swear to the best of my memory I have no knowledge of anything of the kind.

Q. Did you look in the Public Accounts of 1904 to see whether the accounts did not show the total amount paid?—A. The Public Accounts, sir?

Q. Yes.—A. No sir.

Q. You did not take the trouble to look at them.

Mr. WATSON.—Well now, Mr. Holliday, you were getting $300 a day?—A. Yes sir.

Q. For the use of one ship or steamer?—A. That was only during the fall of 1906.

Q. 1906. You got less than that at other periods, you say?—A. Later on account of——

Q. That composes the chief part of your account. That is the remuneration for the services for the chartering of your ship?—A. Yes.

Q. Is it not a fact that out of the $300 a day you paid to Mr. Gregory $50 a day?—A. Never.

Q. What?—A. Never. Why should I do it?

Q. I am not asking you why you should do anything. How much of the $300 a day did you pay Mr. Gregory?—A. I did not pay any of it.

Q. What?—A. I did not pay any.

Q. Did you make any payment of any portion of that money to any official?—A. No sir.

Q. Of the department?—A. No sir.

Q. Did any official or employee participate in that charter money?—A. No sir.

Q. Of $300 a day or the smaller amount?—A. No sir.

Q. What?—A. No sir. I swear to that.

Q. Now then, I find here cheques for 1905 payable to your own order, J. T. Holliday.—A. No. That is my brother, sir, my late brother, John Thorburn.

Q. Your brother during 1905, the cheques were made payable to him—no, I am mistaken. These are cheques payable to bills payable,' or to the bank?—A. Yes sir.

Q. Amounting to about $20,000?—A. Yes sir. I don't know——

Q. Is there anything to trace those that you know of?—A. Anything to trace them, yes.

Q. The book-keeper can do so?—A. Those are possibly in 1905, it is a settlement with my brother when he separated from me from the business.

Q. When he separated from the business?—A. He was in poor health and it was a year before he died.

Q. And it was manifestly a very large business?—A. Yes, we are doing an extensive business.

Q. I find that there are cheques marked on special account or marked special cheques payable in blank, marked 'special' in 1904 to the extent of $2,865. What do those mean?—A. I don't know, I am sure. 1904?

Q. Yes. You cannot tell at all?—A. No sir.

Q. Why did cheques have printed upon them the word 'special'? Some of the cheques have that printed upon them. Can you explain at all for yourself?—A. We had two accounts in the bank, one we called 'general' and the other 'special' and later on we changed it and we marked it, 'steamer' and 'general.'

Q. Now, I find here in 1906 drafts upon Mr. Gregory amounting to $16,000?—A. 190——

Q. Was that represented by invoices?—A. 1906?

Q. Yes.—A. How much sir?

Q. $16,000.—A. Drafts?

Q. Yes.—A. That is possible, I won't swear to it.

Q. All these drafts upon Mr. Gregory are in connection with the orders?—A. In connection with the steamers.

Q. The business. For instance, here are cheques, here is a cheque December 18th, 1905, Pay J. U. Gregory, Esq., or order, $1,000.—A. Yes sir.

Q. What is that for?—A. I think at that time, I remember this transaction at this time, I got a loan from him of $6,000 and at that time I gave him a cheque for a thousand dollars, and later on he gave us back $500, returned us $500 of it.

Q. That is, you gave him a thousand dollars for the acceptance of $6,000?—A. Yes.

Q. That was pretty steep?—A. Well, on that he gave us renewals for about eleven months I think. That had been renewed over and over again, I won't say the exact number of months, but it was for a long time.

By Hon. Mr. Cassels:

Q. For the loan of his name for $6,000 for eleven months?—A. No, sir. It was $1,000 and he returned me $500 of that. He was wanting some money apparently at the time himself, and I gave him a cheque of a thousand dollars against this loan of $6,000.

Q. $500 of which he returned. so his commisison was more than five per cent? —A. It was more than five per cent but he lent it for eleven months.

Q. It is $500 for $6,000 for eleven months?—A. About eleven months.

Q. I just wanted to understand your evidence.

Senator CHOQUETTE.—I have the draft.

By Mr. Watson:

Q. How did he happen to return that $500?—A. Because it was only given him as a loan.

Q. You were lending him money?—A. Yes.

Q. I see. I thought you were hard-up and had to pay at the rate of 30 per cent to get money from him?—A. That is right.

Q. Yet you were loaning him money at the same time?—A. He gave me $500 of it back, as I say, shortly afterwards.

Q. But you were loaning him $6,000?—A. No; $1,000, and I think our books will show in about two or three months afterwards he returned us $500.

Q. Here is another cheque, August 10th, 1906, payable to his order for $2,000. What is that for?—A. That is on one—I think you will find——

By Senator Choquette:

Q. What is the date?—A. August 10th. I think you will find, my lord, this is retiring a draft.

By Senator Choquette:

Q. Here is the draft.—A. And then it was renewed again.

By Mr. Watson:

Q. And then as late as November 27th, 1907, there is a cheque to him for $4,000? A. That will be retiring another.

Q. You paid all these things yourself, did you?—A. Oh no.

Q. You paid all the drafts?—A. No, no. They were——

Q. Paid out of the money from the department, were they?

By Hon. Mr. Cassels:

Q. They were renewed until the moneys came in to take them up?—A. That is the way it was. We renewed them until they came in. Sometimes Mr. Gregory would give us his note, I would take it into the bank and when it came due he would notify us and we took it up or would go back and renew it, and it would go on like that until we got the money.

By Mr. Watson:

Q. Now, apparently you were in Ottawa a very great deal Mr. Holliday?—A. Yes sir.

Q. Was that in connection with your business with the officials of the department?—A. No, not necessarily.

Q. In connection with departmental business?—A. Not necessarily. I have been up sometimes——

Q. What is that?—A. I have been up sometimes in connection with business of the department.

Q. But you would go to Ottawa in connection with departmental business?—A. Different departments.

Q. Different departments?—A. Yes.

Q. But I say your whole business to Ottawa was in connection with departmental business?—A. Not altogether. We had other business as well.

Q. The reason I mention?—A. Mr. Watson, we are in the salmon business, we are the principal operators of salmon fisheries on the north coast of the St. Lawrence and we have several dealers up in Ottawa. I go up there occasionally to see them as well.

Q. Now, the reason I mention that is this, in going over your books and papers I find in the year 1908 cheques payable to the Russell House at Ottawa.—A. Yes, that is where I stayed.

Q. Amounting to $888 ?—A. Yes, sir.

Q. Was this expenditure at Ottawa ?—A. Well, that was a private affair, it was not anything in connection with the department.

Q. I do not want your private affairs outside of departmental matters at all.—A. Well, it is not.

Q. I am not inquiring into anything but that. How much of this $888 if any, did you pay to officials or employees of the department ?—A. Not one cent to my knowledge.

Q. To your knowledge ?—A. Not one cent.

Q. Well, surely you know if you did it ?—A. No, I did not, I did not.

Q. You do not claim the right hand and the left hand proposition, do you ?—A. I say no, I paid nothing.

Q. Why ?—A. I can explain.

Q Why do you as a business man—I do not want to appear severe upon you at all, I just bring this question out in the natural way I think——. Why would you, a business man of your capacity in a large business way, in answer to a question of that kind, state that you did not pay to an official that you know of ?—A. Well, I did not then.

Q. Why did you put that qualification to your answer?—A. Well, there is—I don't know why I did. I am not in the habit of appearing in the witness-box, this is the first time I have ever been in court, but I will say, if you put the question to me again, I will say no, I did not, and further I will explain that amount if you care outside.

Q. If it is an outside matter we have nothing to do with it, I do not want to know about it. I find the same thing running on, but not to the same extent, through other years, 1904. 1905 and 1906.—A. I have constantly changed cheques up in Ottawa. Very often leaving here with little or no money in my pocket I have gone away with just enough to pay my fare and when I got to the Russell House I would go and cash a cheque for $500 or $600. They would give me the money whenever I wanted it.

Q. How are these cheques entered in your books, what are they charged up to?—A. Most of them to travelling expenses.

Q. Most of them for travelling expenses ?—A. If there is anything personal I presume I have told my clerk of it when I got home.

Q. Do you know how these were charged up ?—A. No.

Q. When you got home you would give directions to your book-keeper what accounts to charge them up to ?—A. Yes.

Q. Where are they charged in the book ?—A. I don't know.

Q. I cannot find any trace of them in the book.—A. That is the way I have always done.

Mr. Watson.—That is the position of matters, my lord.

Witness.—It has always been the same.

Q. You know these several officials here whose names have been mentioned on this long list ?—A. Yes, sir.

Q. Have any of those parties ever applied to you—— ?—A. No.

Q. For money ?—A. No.

Q. Have you ever made any offer of compensation or money in any form ?—A. No, sir.

Q. To any official ?—A. No, sir.

Q. Has any transaction occurred directly or indirectly to your knowledge ?—A. No, sir.

By Hon. Mr. Cassels :

Q. Mr. Holliday, have you any receipt in your possession from Mr. Gregory showing moneys which you paid to him for this commission?—A. No, my lord, we have not.

Q. As I understand the matter, if Mr. Gregory went to the court and sued you for this commission, it is simply his oath against yours, there are no proofs so far as you are concerned ?—A. No.

Q. Not an item of proof of any kind ?—A. No, my lord. Merely the way—I have gone in, my lord, into Mr. Gregory's office merely in this way, when I wanted money I have gone in there and he has given me his note for the amount, then I have given him a cheque for the amount of his commission. I don't deny anything of that.

Q. That lays you open to the most serious suspicion?—A. It might do, my lord, I don't say differently, but as I say, that is the way it was done right along, and it was not with any intention.

Q. But a business transaction would have gone through your books in a business way, I apprehend that discounts paid to the bank go through your books?—A. Yes.

Q. Why in the case of this 5 per cent would it not go through the books in an honest way?—A. It was not done for the purpose of hiding at all. Of course, in this affair, my lord, most of the time I used to go up to Mr. Gregory myself, and most of the other transactions my book-keeper looks after.

Q. Well, you adopted a most successful way of hiding it and creating the greatest suspicion?—A. It may be, my lord, but I assure you it was not with any such intention.

Hon. Mr. Cassels.—Have you any questions, Senator Choquette?

Senator Choquette.—I just wish to produce these drafts to the amount of $24,000. Will you look at these drafts Mr. Holliday, and say if they are from your office on Mr. Gregory for $24,000 and a few hundred dollars during the different years?

Hon. Mr. Cassels.—I suppose there is a letter attached to them?

Senator Choquette.—Saying he was going to Europe and to leave some money to his credit.

Hon. Mr. Cassels.—Is there a letter there on his honour?

Senator Choquette.—No, I do not think so.

By Mr. Watson:

Q. Did you sign the debt of honour letter?—A. Yes I signed. That is my signature.

Senator Choquette.—I know, but there is nothing in that letter. (Reads letter). That is from your office, dated December 18th, 1905, there is another one of January 25th, 1906, and another one of August 22nd, 1907.

(Letters and cheques marked Exhibit 212).

That is all. There is not a word about honour, it is a pure business letter. Now, just one question.

Q. Did you ever pay to Mr. Gregory some money or 5 per cent on money outside of the amount of these drafts?—A. Not that I know of.

Q. Now, there is a letter from you of 27th August, 1907, addressed to Mr. Gourdeau, telling him to send a cheque to Mr. Gregory to hand into the bank so as to arrange the matter with his bank. That is all there is in the letter.

(Letter marked Exhibit 213).

Philip PAYN, recalled

By Mr. Watson:

Q. Mr. Payn, you have been book-keeper to Mr. Holliday for some years?—A. About six years, sir.

Q. You have been here in court and heard his evidence?—A. Part of it.

Q. I understood you to say during the morning, while Mr. Holliday was in the witness-box, that you had no personal knowledge of the payment of 5 per cent to Mr. Gregory. Was I correct?—A. Yes sir. I repeat it again. I had no knowledge until this morning when Mr. Gregory gave it out in the witness-box that he had given any five per cent.

Q. No knowledge?—A. No knowledge at all.

Q. You as book-keeper during all this time have kept this very beautiful and accurate set of books?—A. I don't think they are very accurate, I don't think they are beautiful.

Q. You don't think they are very accurate?—A. I don't think they are very accurate. I did the best I could with them.

Q. I see. You did not know of this expenditure of 5 per cent and the payments made to Mr. Gregory?—A. I did not sir.

Q. And you saw no entry or record of any such payments in the books?—A. Not for any 5 per cent.

Q. No?—A. None at all.

Q. Perhaps 10 per cent?—A. I don't know. I have no record of any percentage being paid to Mr. Gregory.

Q. Is there any account with Mr. Gregory?—A. There is a small account in 1902 amounting to $36.

Q. That is not what I refer to. You see Mr. Holliday has now stated these large payments that have been made to Mr. Gregory. Do you mean to say that those do not appear in the business books of the house or firm in any way?—A. Not to my knowledge.

Q. You would know?—A. I would not know in one way, because Mr. Holliday would come along and ask for $400 and $500 and to charge it up to his account. I am not supposed to go round to Mr. Holliday to give me a memorandum of what he has spent that $500 on.

Q. But this was a firm, others were interested in it until recently?—A. I believe so until about four years ago.

Q. Would these be charged up to the firm or to the personal account?—A. It all depends. If Mr. Holliday came to me to make out a cheque for $100 for him I charge it up to travelling expenses. I am not supposed to know what he did with that $100.

Q. Now, you heard this morning of these cheques payable to change?—A. Yes sir.

Q. What have you to say about those?—A. In some instances I suppose they are for travelling expenses and in other instances for Mr. Holliday's private matters.

Q. Travelling expenses and private matters?—A. Yes. We often make out cheques payable to change as well for labour.

Q. Yes. And what about those payable to labour, I see a very large expenditure for labour?—A. Yes sir.

Q. How are they applied?—A. We have quite a lot of labour to pay every week or month.

Q. What is done with a cheque that is called labour?—A. Charge it up to the account supposed to be charged, to labour account if it is labour, if it is labour for the store account charge it up to the store account, if it is labour for any steamer, charge it up to the certain steamer.

Q. Have you knowledge of any cheque made out in the name of labour being applied to any other purposes than payment of labour?—A. None whatever.

Q. Do you mean to say there was a thorough system as to that?—A. No, I won't say that, because I will make out—excuse me——

Q. Listen to me. Do you mean to say that all cheques made payable to labour or bearer or order were applied in payment of wages, of labour services?—A. Yes, sir.

Q. Positively so?—A. I don't say positively so, I don't remember all the cheques, but any cheque made payable to labour, if there should be a few cents or dollars over of course it remains in the till for some other purpose.

Q. I call attention to the fact that that illustrates the system.—A. You may call it a system, I don't.

Q. You don't call it a system?—A. No, there is not much system about that I don't think.

Q. No system about that?—A. Maybe, I don't know.

Q. Now, take 1906 and the cheques of the firm in that year which are here— they have not been added up by me, but by another—payable in blank, drawn in blank, amounting to $15,179 in 1906.—A. Yes.

Q. How can you account for cheques of that kind?—A. I would have to——

Q. Listen to the question. How can you account for cheques to that extent and that amount being drawn payable in blank?—A. Yes, sir, I think I can by turning up my cash-book there. They are either for bills payable or labour due on those dates the cheques are made up.

Q. Listen. We have got labour cheques and bills payable cheques?—A. Sometimes we do make cheques as well in blank for labour.

Q. For labour?—A. Yes, sir, as well.

Q. Is that the way you explain the $15,174, all labour?—A. No, no, I did not say all labour.

Q. What is it for?—A. I say very likely those cheques were made for bills payable and labour and other things.

Q. Yes, very likely they are for other things.—A. Excuse me, for the business.

Q. I see.—A. Expenses, general expenses in the business.

Q. How do you enter them up?—A. If it is a bill payable I charge it to bills payable as a rule.

Q. Will you look at your book for 1906, have you got all these cheques charged up to some personal individual account?—A. Yes, sir.

Q. In every case?—A. I think so.

Q. Then can you say how many of these are charged up to Mr. Holliday himself?—A. No, sir, I cannot.

Q. How many are charged up to Mr. Gregory?—A. Mr. Gregory?

Q. Yes.—A. Not one.

Q. Not one?—A. I have never charged a cheque to Mr. Gregory.

Q. And it is just the same during other years?—A. We have not an account with Mr. Gregory.

Q. Then there is a large number of cheques payable to change?—A. Yes, sir.

Q. There must be some system about that, we have got labour, blanks and change?—A. Yes.

Q. And then special account, all blanks.—A. Well, we might have been a little slack about mentioning the full details on the cheques, but in each of these cases where payable to bearer or change it is either labour or for goods payable or some petty expenses in connection with the general expenses of running the business.

Q. That is cheques drawn how?—A. Made payable to bearer, change or in blank.

Q. Well, you are not talking about petty expenses when you have an account like that, that shows some sort of system?—A. Petty expenses may be included in that.

Q. I know, but petty expenses would be but a trifle?—A. You can hardly tell. Sometimes they would not. I might have a good labour account.

Q. But we have the labour cheques?—A. No sir. As I explained they are in those as well.

Q. You have to get away from them I think, because.—A. I am here to tell the truth.

Q. I have no doubt about that. I mean to say you have to get us a better system that is what I mean by that. Take for instance in 1905, the cheques made payable to labour or bearer amount to $24,593.—A. Yes. Well, Mr. Watson, we have two boats, there is quite a lot of labour on each of those boats each month.

Q. Yes, but $24,000 will pay for a lot of labour, a lot of service?—A. Quite a lot, but perhaps you have no idea of the number of men on these boats, and besides the labour on the boats, we have extra labour in connection with loading and unloading around the wharves and labour around the stores in connection with the salmon business, all that goes in our labour account.

Q. Have you any knowledge of the payment to any official of the Marine Department of moneys?—A. None whatever sir.

Q. What?—A. None whatever, Mr. Watson.

Q. Have you any information about any such matters?—A. None whatever, sir. I never heard of any.

Q. What do you know Mr. Payn, about that account for $32,000 odd in the books against the department, $32,800 or $32,900?—A. $32,500 I think, Mr. Watson. Well, I made up these accounts myself on the typewriter and sent them up to Ottawa, at least I mailed—I don't remember now whether to Mr. Gregory or to Ottawa direct.

Q. You always sent them direct to Mr. Gregory—A. I am not certain.

Q. That was the usual course?—A. I am not certain. I could not swear. Sometimes we have sent accounts to Ottawa.

Q. Well?—A. Well, this account of $32,500, this account, I don't know whether it was certified or not, but all we got for this account to my knowledge is $30,300. I suppose the difference was cut off the account, perhaps overcharges or something. I don't know, because it was a very usual thing for Mr. Gregory when we sent in an account here to make some reduction on our accounts sir sometimes.

Q. Well, did you inquire?—A. I beg your pardon.

Q. Did you inquire as to the difference of $2,500 or about that?—A. No sir, I was away at the time.

Q. You were away?—A. Yes sir.

Q. But we had Mr. Holliday away too?—A. Yes sir. I went over to my native place that fall shortly after the accounts were rendered, I went over to the Island of Jersey.

Q. Did you ever get any information about it?—.A No sir, none whatever.

Q. Will you say that you did not receive the total amount and apply the difference for special service?—A. I will, sir, I will say we did not receive the total amount as per the accounts rendered, $32,500, we did not receive that to my knowledge. The only cheque I can account for is $30,000, which appears through the cash-books and the ledger, and I must have got that from the bank-books. I can't see otherwise, Mr. Watson, if there had been $33,500 paid to Holliday Brothers I would have——

Q. Did any officials or employees call upon you at the office?—A. Call upon me?

Q. Yes.—A. I don't know any of them.

Q. Or call upon Mr. Holliday?—A. Not to my knowledge.

Q. Were they about there?—A. About that time?

Q. Were they about the office?—A. I have seen Mr. Owen at different times.

Q. I thought he was at Ottawa?—A. He has been down I believe on trips in the gulf and he has called on Mr. Holliday when just passing by. That is the only official I have seen, sir.

Q. And what transactions were there with him?—A. I don't know whatever.

Q. Did you make any entries that would show any information?—A. None whatever.

Q. What other officials?—A. I never remember ever seeing any other official down but Mr. Owen. I presume it was on a friendly trip, something like that. I

don't know anything about it. It certainly was not on business trips to my knowledge.

Q. Now, these large cheques, for instance the Russell House $888 in one year, what was that charged up to?—A. That would be charged up to travelling expenses. You see, Mr. Holliday makes out cheques at the Russell House, and unless he tells me to the contrary, I presume they are for travelling expenses and charge them up to that. I am not supposed to ask Mr. Holliday what he does with his money.

Q. That is a good deal to travel to Ottawa. And you do not know anything else?—A. Nothing else.

Q. You did that upon instructions from him?—A. Did what?

Q. Make these entries and charge them up to travelling expenses?—A. Not in all cases.

Q. Would you do it yourself without instructions?—A. Yes. Unless I had instructions to the contrary I would charge it up to travelling expenses. I knew Mr. Holliday was travelling around and I would charge it up to travelling expenses.

Q. Is there anything in any of your books, in any one book or more of your firm from the 1st of January, 1904, up to the present time which contains any entry that you can trace as applied to any official?—A. None whatever, Mr. Watson. A part of that——

Q. Listen. That is what you say. Is it possible the payments under the system may have been made and not traceable?—A. I don't quite understand that question.

Q. Is it possible the payments may have been made out of the proceeds of those cheques under the system of book-keeping and that you could not trace it yourself?—A. On the 5 per cent?

Q. Or anything else?—A. Well, as I say, Mr. Holliday comes along sometimes and tells me to make out a cheque.

Q. You do not know what is done with it?—A. I don't know what is done with it. I am not supposed to ask Mr. Holliday what he does with it.

Q. That applies to small cheques and large cheques?—A. Certainly.

Q. Is it possible for any accountant to take those books and trace up and ascertain the application of those cheques so made in that way to Mr. Holliday?—A. Any cheques made payable to change or bearer, and Mr. Holliday comes along and tells me to charge them up to his account, I charge them.

Q. And you cannot tell what is done with them?—A. I cannot tell what is done with them.

Q. And can anybody else?—A. No, certainly. They are simply charged up to his own private account.

Q. That seems to be the condition of affairs. My learned friend and I spent a great deal of time—— ?—A. I cannot give any other information than that.

By Hon. Mr. Cassels :

Q. Mr. Payn, these drafts amount to $24,831.83?—A. Yes, sir.

Q. And it is said that those are the only bills that were given by Mr. Gregory for the benefit of Mr. Holliday.

Senator CHOQUETTE.—No no, I beg your pardon. I say he never paid anything on that account except these, but he had a lot of others in another year. They are just part of them.

Hon. Mr. CASSELS.—Yes. It is said that commission was paid upon this $24,831.

Senator CHOQUETTE.—Yes, I am willing to admit 5 per cent on the face of those drafts.

By Hon. Mr. Cassels :

Q. I want you to look at those. Were those discounted on the date on their back or discounted at all?—A. They were discounted, I am not certain if all were.

Q. Some were and some were not?—A. Yes, sir. $7,000——

Q. Well, now, is it not a fact that out of the $24,831.83, $20,262.86 were for one month only ?—A. A cheque for how much, my lord ?

Q. I checked all those drafts for $24,831 and I figured that $20,262—leaving out the cents—were taken up at the end of one month ?

Senator CHOQUETTE.—They were renewed.

Hon. Mr. CASSELS.—That does not show here.

Senator CHOQUETTE.—They said that.

Hon. Mr. CASSELS.—I want to get that cleared up to see how it is. It would appear to be a one month's note to the extent of $7,000, two months for $2,000, and three months for $2,500.—A. Well, those amounts have all gone through the bank and been discounted to the credit of our account.

Q. Then can you say they have been paid at maturity ?—A. No, they have been renewed from time to time.

Q. Have they ?—A. Yes. The books show they have been renewed.

Q. Were they eventually taken up ?—A. Yes.

Q. Well, it is of importance to know how long after that happened ?—A. I have not made it up, they are different dates.

Q. They appear before me to have been just for one month?—A. On an average I suppose about a year.

Q. I would like to know that. You can trace them, cannot you?—A. I can trace them by the books.

Q. Well, trace them.

Senator CHOQUETTE.—I think Mr. Payn said they carried over for eleven months, I think he said that in answer to my learned friend. I know they have been from month to month?—A. These notes have been carried over eleven months.

Hon. Mr. CASSELS.—Trace those notes and find out how they were paid. They appear to be only for one month. You can do it outside the box there.

The following exhibits were filed: Exhibit 214, Holliday Bros. account with the department for $2,230; Exhibit 215, current ledger No. 1 of Holliday Bros.; Exhibit 216, transfer ledger No. 1 of Holliday Bros.; Exhibit 217, Hochelaga Bank pass-book, Holliday Bros.; Exhibit 218, Hochelaga Bank pass-book, Holliday Bros.; Exhibit 219, Peoples Bank pass-book, Holliday Bros.; Exhibit 222, ledger Holliday Bros., May 1, 1898 to 1901.

(Amyot, Drolet, Marchand and Martineau follow in French.)

(Evidence taken in French will be published later.)

GEORGE B. HALL, sworn.

By Mr. Watson:

Q. You are in business here in what line?—A. I have been doing some business in oil, insurance and general brokerage.

Q. Oil and insurance, they sometimes go together?—A. Yes, they do.

Senator CHOQUETTE.—So they do in Toronto.

By Mr. Watson:

Q. You have sold a considerable quantity of goods of some kind to the department. I see that during the three years the account amounts to $11,626, that will be a good deal of oil?—A. Yes, it would be a good deal of oil.

Q. What else besides oil did it buy?—A. I don't think anything else but oil and candles.

Q. Nothing else but the oil—A. Oil and candles.

Q. I see. You are a retail dealer?—A. Well, no. I have not been selling oil to anybody except the Marine Department.

Q. Oh, I see, you are not in the business then?—A. Not generally.

Q. That is, insurance is your general business?—A. No, I do more in timber lines than anything else.

Q. Your regular business is in timber?—A. More than anything else.

Q. And how does it come you happened to get orders for oil?—A. My name was put on the patronage list.

Q. I see, you had to come in somewhere. So that your regular business is in lumber, but you got some orders for oil?—A. Yes, I got a good many orders for oil.

Q. Are there others here who deal in oil —A. Oh, yes, there are quite a number, I believe.

Q. Quite a number. Your business in oil was limited to the department?—A. Yes, with the exception of one or two small sales.

Q. I see, limited to the department?—A. I think so.

Q. Are there wholesale dealers here?—A. In Quebec.

Q. Yes?—A. Yes.

Q. In oil?—A. Yes.

Q. Then you were really, I assume, in the position or quality of middleman in these transactions?—A. I imagine that was the position.

Q. I see. And when you got the order for oil you would go to one of the wholesale houses, I suppose, and get it there from the wholesale house?—A. Yes, that is what I would do.

Q. One of the wholesale houses in the city, and then having bought it from the wholesale prices you would furnish it to the department at retail prices?—A. Well, I sold it to them of course on an advance on what I paid.

Q. Yes, of course you sold it at ordinary retail prices or higher than that?—A. A great many orders I got were for single barrels of oil at different times. Then I occasionally got an order for a carload, and of course that was put in at a lower price.

Q. Yes. On the average you got from 25 to 30 per cent?—A. I don't think as much as that.

Q. Along about there?—A. I expect I made 10 per cent on good lots.

Q. That is on the large quantities?—A. On the large quantities, and more on the small quantities.

Q. 25 to 30 per cent on the small quantities?—A. I don't know. It might run that much.

Q. It might be that?—A. Yes.

Q. You got your orders from Mr. Gregory?—A. There were some few orders through Mr. Mailloux and Mr. O'Farrell, but principally Mr. Gregory.

Q. Mr. Mailloux?—A. Yes.

Q. And Mr. O'Farrell?—A. Yes, I think there were a few. They were nearly all from Mr. Gregory.

Q. Then Mr. O'Farrell, when you furnished oil upon his orders I suppose you were grateful to the extent of making some little return to him?—A. No, sir, I never gave Mr. O'Farrell a cent.

Q. You didn't, eh?—A. No, sir.

Q. What about Mr. Mailloux?—A. I never gave him a cent.

Q. Did you deliver any goods to Mr. Gregory personally, oil?—A. Well, I have let Mr. Gregory have a few barrels of oil.

Q. A few barrels of oil?—A. Yes.

Q. A few hundred dollars worth?—A. No. I suppose $100 would cover the whole thing.

Q. And for that you have not been paid, I presume?—A. Mr. Gregory.

Q. Is that so?—A. Have I been paid?

Q. Yes—A. I never asked him to pay.

Q. I see. And the balance you were paid for in the usual way?—A. Yes, by cheques sent to the bank.

Q. Through the branch?—A. The bank through the Marine Department here.

Q. Did you pay any commissions on those things?—A. No, I never paid any commissions.

Q. Any deductions or allowances?—A. No deductions or allowances.

Q. And the only little matter that is out of the ordinary or irregular, if I may so designate it, is the matter of the personal account with Mr. Gregory?—A. Yes, that is all. I would like to explain that.

Q. You have a right to do so?—A. Mr. Gregory on one or two occasions told me he had applications for oil from different people along the coast and he asked me if I could get possibly a few barrels. He asked me 'is it going to cost you anything?' I said, I told him——

Q. Going to cost anything?—A. I told him I thought it would not cost me much.

Q. That was a little feeler, was it?—A. I——

Senator CHOQUETTE.—It was for somebody around the coast, not for himself.

By Mr. Watson:

Q. But you never paid for it?—A. I never asked for it.

Q. But with regard to the other large quantity referred to, the $11,626, in respect to that you say there was not any deduction or allowance?—A. Not a cent.

Q. To him or anybody else, to any official?—A. Not to anybody.

Q. Not to anyone at all?—A. No.

By Hon. Mr. Cassels:

Q. Mr. Hall, do you keep a stock of oil in store?—A. No, I don't.

Q. Then supposing they wanted only a barrel of oil?—A. I would get a barrel of oil, or five gallons or 100 gallons.

Q. From the wholesale people?—A. Yes, sir.

Q. There are wholesale houses in Quebec who will furnish from a barrel upwards at wholesale prices?—A. Yes.

By Senator Choquette:

Q. About this oil, you say Mr. Gregory ordered that oil for somebody down the coast?—A. Mr. Gregory told me he had poor people down there wanted oil, and he wanted me to send some.

Q. You did not send it to his own house?—A. No.

By Hon. Mr. Cassels:

Q. Do you know anything about the patronage list?—A. I know as far as I am concerned.

By Senator Choquette:

Q. You are on the patronage list yourself?—A. Yes.

Hon. Mr. CASSELS.—Those wholesale men were not probably.

Senator CHOQUETTE.—That would injure their trade probably. I would say that men have told me they did not sell to the government wholesale, because that would affect traders who are selling to the government.

Hon. Mr. CASSELS.—I do not see why the government could not go to the wholesale houses and buy at wholesale prices instead of going to the retail houses.

Senator CHOQUETTE.—That is a matter of policy.

By Mr. Watson:

Q. You said you did not know you were on the patronage list.—A. No, I said I knew I was certainly.

Mr. WATSON.—I understand, my lord, it has now been made public that the patronage list in this department has been completely abolished.

Hon. Mr. CASSELS.—So I see by the papers.

Senator CHOQUETTE.—I think that is a mistake.

(Evidence taken in French will be published later.)

Mr. WATSON.—My lord, I would like to mention—I understood from my learned friend, Mr. Choquette, this morning, that he was in a way representing Mr. Odell—I would like to mention that we have been informed since luncheon time that he is now said to be out of town.

Hon. Mr. CASSELS.—I did not understand the Senator to say he represented him. I understood Mr. Odell spoke to him.

Senator CHOQUETTE.—Yes. He has been around here all these days. He said to me, 'Do you know if I am wanted for Mr. Gregory?' I said, 'Have you been subpœnaed? He said, 'No.' I said, 'I do not think they want you at all.' At 12 o'clock to-day Mrs. Odell informed me she had received a telephone message from the court that her son was wanted, but that he left last night. He had been wanting to start since Monday. I asked her when he would be back and she said she thought to-morrow night or to-morrow afternoon. I told my learned friend I will have him here by to-morrow afternoon, or Monday morning. I will send for him. I do not want the court to be under the impression that he is keeping out of the way, because he has been here all the week.

Mr. WATSON.—It is quite important he should be here in the morning. I would like my learned friend to understand that.

Senator CHOQUETTE.—More than that, if it is to know whether he has received 5 per cent from Mr. Ritchie and Mr. Murphy, I am willing to say he received that and kept the money for himself, and that the money was furnished by his uncle, Mr. Gregory, in his business. If it is that, I would not be willing to deny it. His mother, Mrs. Odell, told me she was trying to find him this afternoon.

Hon. Mr. CASSELS.—Do you know where he has gone?

Senator CHOQUETTE.—I do not know. He is a commercial traveller.

Mr. WATSON.—I wish to state, my lord, so that it may be understood again by the officials and employees whose names have been brought in question, that if they desire to appear we will be very glad if they will do so, at the earliest possible moment. If there are any here now who would like to be heard, we would be glad if they would come forward at once.

(Evidence taken in French will be published later.)

THOMAS RYAN sworn.

By Mr. Watson:

Q. I understand you are in the cartage business?—A. Yes.

Q. In a wholesale way. I observe during three years your account is $6,000, that has been paid to you?—A. Yes, sir.

Q. A wholesale cartage system? How many rigs?—A. Two.

Q. Two?—A. Sometimes I have to hire other teams.

Q. And you have been rendering your accounts for your cartage, your carting work. Did you make up these accounts?—A. Yes.

Q. Yourself?—A. My daughter and myself.

Q. I see they are partly made up on the typewriter?—A. Some of them.

Q. That is your typewriter?—A. No, sir, it is made up in the department.

Q. Made up in the department, oh. Then some of the accounts are made up in the department?—A. Well, you see, I have different accounts, Mr. Watson.

Q. Oh, yes, I know?—A. Construction and maintenance and different——

Q. And they are made up in the department?—A. Yes, sir.

Q. These accounts which are produced here?—A. Are copies of my accounts. Some of them may be.

Q. Some of them made up in the department by Mr. Gregory?—A. No, Mr. Mullally and Mr. O'Donnell, junior clerks.

Q. They would give you assistance there in the making of the accounts?—A. Yes.

Q. There is not any bargain with you beforehand?—A. No, sir.

Q. No prices or standing arrangement?—A. No.

Q. And last evening Mr. Gregory stated that he had received 5 per cent from you. There is not any other Thomas Ryan here, I suppose——?—A. No, sir.

Q. Dealing with the department? You are the Mr. Ryan?—A. Yes.

Q. How did he happen to receive the 5 per cent from you?—A. He never got a cent from me.

Q. What?—A. Never one cent.

Q. It must be his mistake?—A. I guess it is. He was very kind to me. He never charged me for any money he lent me.

Q. Did he advance the money?—A. Yes, when he advanced.

Senator CHOQUETTE.—He did not say specifically he had taken 5 per cent. He was giving a list of those to whom he had lent money. I am very glad to hear that gentleman say that.

By Mr. Watson:

Q. Then you assigned your accounts to him?—A. Mr. Gregory?

Q. Yes?—A. No, sir.

Q. How did you get the cheques or the money?—A. In the regular way.

Q. From whom?—A. Mr. Mailloux or Mr. Gagnon in the office, the clerk in the office.

Q. Did you get cheques?—A. Yes.

Q. Cheques made payable to your order?—A. Yes.

Q. In all cases?—A. In all cases.

Q. In all cases?—A. Yes.

Q. That is the cheques that came from Ottawa from the department ,or were they cheques signed here by Mr. Gregory?—A. Direct to the order of Thomas Ryan, every one from Ottawa.

Q. And these cheques came from the department?—A. Yes, sir.

Q. And were delivered out to you?—A. Yes, sir.

Q. And you got them cashed?—A. Yes.

Q. I see. How much did you give off of them?—A. Not a cent.

Q. Not at all?—A. Not at all.

Q. Not to any one?—A. No.

Q. Did anybody ask you?—A. No, sir.

Q. Did you ever give to any one?—A. No. I never had that much ahead.

Q. Then you had transactions with Mr. Gregory?—A. In what?

Q. You had some transactions with Mr. Gregory?—A. The only transactions I had with him were in regard to doing a little personal work for himself.

Q. I suppose you did not charge for that?—A. He paid me sometimes.

Q. Sometimes he paid you?—A. Yes. In fact I refused it sometimes from him.

Q. You refused it sometimes?—A. Yes.

Q. Oh, that is very generous.

Senator CHOQUETTE.—Well, he advanced him money without charging interest.

Mr. WATSON.—Wait, please.

Q. Did you have any other transaction with Mr. Gregory?—A. No, sir.

Q. Any business transaction with him apart from doing work in the way you have mentioned?—A. None at all.

Q. You did not get any money from him?—A. No, not a cent.

Q. No money?—A. No money.

Q. Did he sign papers, drafts, for you?—A. No sir.

Q. You keep a bank account, no doubt, Mr. Ryan?—A. No sir, I don't.

Q. Not necessary, eh? So you do not require to have acceptances or notes signed by others and discounted in the banks?—A. No.

Q. There were no transactions of that kind?—A. No.

Q. Then he never lent you any money?—A. Mr. Gregory?

Q. Yes.—A. He lent me money when my cheques did not come, when my cheques were not paid I got $20, $30 or $50 from him.

Q. Then you did have transactions?—A. In that way.

Q. That is, you got money from time to time?—A. Yes.

Q. How much did you pay for that?—A. Not a cent.

Q. Not to your knowledge, perhaps.—A. I am certain of that. I am on my oath.

Q. I have no doubt of that, sir, I accept what you say. So you are quite sure there was no charge to you at all?—A. Quite sure.

Q. And no remuneration to him in that way ?—A. Yes.

Q. And during the year how much would you get from him?—A. Well, in one year, in 1905, I think, I had a little over $300. I don't remember.

Q. 1905?—A. Yes. I had to buy a horse.

Senator CHOQUETTE.—He had to buy a horse.

Mr. WATSON.—We do not want that.

Senator CHOQUETTE.—I wish that put down.

Mr. WATSON.—I am not doubting what Mr. Ryan states.

Senator CHOQUETTE.—You seem to.

By Mr. Watson:

Q. So that year you got $300, other years about the same?—A. No, much less. $50, $70, $75.

Q. Now, apparently my learned friend understood that his client had been lending money to you and that there had been a charge upon that; that is all a mistake?—Yes, sir.

Q. I see. That will do, Mr. Ryan.

Senator CHOQUETTE.—No questions. That is fishing for evidence.

Mr. WATSON.—I do not know why my learned friend says that, fishing for evidence, my lord. We are here endeavouring to obtain particulars and information.

Senator CHOQUETTE.—I do not blame you.

Hon. Mr. CASSELS.—The endeavour is not to incriminate, but to exculpate.

Senator CHOQUETTE.—I intended it as a compliment to my learned friend, he is doing his very best.

Hon. Mr. CASSELS.—Mr. Watson is bringing forward evidence to exculpate not to incriminate.

Senator CHOQUETTE.—I put it as a compliment.

Hon. Mr. CASSELS.—But the way you put the compliment made it appear as if there was something wrong. That is what Mr. Watson objected to.

Senator CHOQUETTE.—Perhaps in English it means that. I did not mean that. I meant he was trying to do his best to get out all the evidence he could.

(Evidence taken in French will be published later.)

WILLIAM DOYLE, Sworn.

By Mr. Watson:

Q. Mr. Doyle, what line of business are you in here?—A. General hardware, sir.

Q. General hardware?—A. Yes.

Q. Of course, threre are a great many other merchants in the same line of business in Quebec?—A. Yes, sir.

Q. Retail?—A. Retail and wholesale, sir.

Q. I see your accounts have been certified to for the most part by Mr. Gregory?—A. Yes, sir.

Q. And during the three years you have sold goods to quite a considerable sum, $17,300?—A. Yes, sir, about that, sir

Q. In the three years. What are the supplies you have furnished for the most part?—A. For the most part cordage, paints, oils.

Q. I see there are ordinary household utensils here?—A. For the office.

Q. Did you sell by retail or wholesale?—A. By retail.

Q. I though you said you were a wholesale dealer?—A. Yes, sir retail as well.

Q. But you sold by retail to the department in all cases?—A. In all cases, because the quantity they took, you know, sometimes one or two, two or three at a time, you know.

Q. Yes, I know, but they total up to a lot all the same?—A. Yes; but we call retail when we break a dozen box.

Q. One of you customers, I suppose?—A. No, not the best.

Q. Retail prices, I suppose, mean on an average about 25 per cent over wholesale prices?—A. No, not as much. Retail prices average 20 to 25 per cent.

Q. 20 to 25 per cent over the wholesale prices?—A. No, not over the wholesale prices; over the cost prices.

Hon. Mr. Cassels.—What is the difference between the two?

By Mr. Watson:

Q. The difference between the wholesale and the retail prices would be about what percentage?—A. Heavy goods would be 10 per cent advance.

Q. So there would be a difference of 10 per cent, and a little more on smaller goods, perhaps 15 per cent?—A. Understand, light goods are sold at a profit of 20 to 25 per cent and heavy goods 10 per cent.

Q. Then you have a personal account as well with Mr. Gregory?—A. Yes.

Q. To what amount?—A. Oh, about——

Q. I do not want to know particularly. A considerable sum?—A. About $500.

Q. And he got some privileges on that?—A. Yes.

Q. To what extent, did he pay you anything?—A. No, no.

Q. What?—A. Oh, yes, he paid me.

Q. To what extent did he get an advanaage, how much allowance did you make to him?—A. The allowance on the whole would come to three and a half or four per cent.

Q. Not more than that?—A. On the whole I sold to the governmtnt.

Q. On the whole you sold to the government, I see. So that he got the benefit from you about three and a half to four per cent on the total purchases on $17,000 odd. That is right, is it?—A. No, no. He had an account himself.

By Senator Choquette:

Q. Who is that?—A. Mr. Gregory.

By Mr. Watson:

Q. Yes. He had a private account and it was settled about once or twice a year. I would make an allowance on his personal account.

Q. I see, you would make an allowance on his personal account to the extent of 3 or 4 per cent on the departmental account?—A. No, the department had nothing to do with that at all. It was a gift I gave him.

Q. Do you mean you gave him a gift on his own account?—A. Yes.

Q. A deduction on his own account?—A. Yes, a deduction on his own account.

Q. Did you make any reduction in his favour from the departmental account?—A. No. The departmental account was quite a separate affair. I got paid in full for all the goods I supplied him, and I settled with him in that mode.

Q. In what way?—A. Well——

Q. Let us put it this way, or try to?—A. Yes.

Q. When you got a cheque from him—?—A. I did not get a cheque from him. I got a cheque from Ottawa straight.

Q. Well, when you got a cheque from Ottawa would you see him, or at the end of the year would you see him?—A. No.

Q. When did you have a settling up with him?—A. He settled his own private account, but no other account.

Q. How often did that take place?—A. The settling his own account.

Q. Yes?—A. It took place three times.

Q. That is about once a year on an average?—A. Oh, about once a year, yes.

Q. Then on these occasions did you go over the amount of the departmental account?—A. Oh, no, no.

Q. Then it was upon these occasions you made him those allowances?—A. Only on his own account.

Q. You made him allowance on his own account?—A. Yes.

Q. Was that by reason of having the departmental account?—A. Well, he asked me to allow him a certain percentage because all his friends——

Q. All his friends gave him an allowance?—A. Yes.

Senator CHOQUETTE.—On his private account.

By Mr. Watson:

Q. By his friends he meant those dealing with the department?—A. I suppose.

Q. You suppose so? It was just that system. Well, I suppose we cannot add to that very much. That is the way it was done?—A. That is the way it was done, sir.

Hon. Mr. CASSELS.—How much did you allow?

Senator CHOQUETTE.—Three and a half per cent.

Mr. PERRON.—No, just wait.

By Hon. Mr. Cassels:

Q. Three and a half to four per cent on the personal account?—A. No, not on the personal account, sir.

Q. How much did you allow?—A. The allowance he got came up about three per cent on all the patronage I got.

Q. That is to say, the allowance he got amounted to 3 per cent on all the patronage from the department?—A. Yes.

Q. That was struck off against Mr. Gregory's personal account instead of deducting it when the cheques arrived?—A. He said it was 5 per cent, and we made it up and he gave me the difference when any was due to me.

By Mr. Watson:

Q. How did he give you the difference?—A. Cheque or cash.

Q. I see you have on this memorandum at the end, deduction, $454.17?—A. Deduction, amount of percentage.

Q. That is a deduction of percentage on this account?—A. Yes.

Q. This account here?—A. That is his personal account.

Q. Oh, I see. That is he had a personal account of $600.

Hon. Mr. CASSELS.—As I understand——

Mr. WATSON.—This is where it comes to him, my lord. Here is the personal account amounting to $631.90, you deducted from that $454.17, and you got a cheque for $177.77 in payment of $631?—A. Yes.

By Hon. Mr. Cassels:

Q. That, as I understand, would be between three and four per cent on the patronage account?—A. Yes, about that.

Q. I should like to understand what you mean by Mr. Gregory telling you all his friends did it?—A. Well, I understood all his friends made him an allowance on the purchases.

Q. Made him an allowance on the patronage account?—A. Yes.

Q. And, therefore, he thought you ought to do it, too?—A. Yes.

By Mr. Watson:

Q. And you did it, I suppose, to get trade?—A. Yes.

(Witness' statement of account with Mr. Gregory marked Exhibit 223.)

Q. Have you any other accounts than that one, or does that show the account for the three years?—A. I got that made by the bookkeeper for reference.

Senator CHOQUETTE.—My lord, I should like to cross-examine the witness tomorrow morning. My client is not well, and I know nothing of this. This is the first thing I have heard about it.

Hon. Mr. CASSELS.—You can be here at 10 in the morning, Mr. Doyle.

Senator CHOQUETTE.—Perhaps I may have nothing to ask him.

Hon. Mr. CASSELS.—If you do not wish to ask Mr. Doyle any questions you had better let him know.

Senator CHOQUETTE.—I will try to get him by 'phone.

Hon. Mr. CASSELS.—If you do not hear from the senator, you will be here at 10 sharp, Mr. Doyle.

WITNESS.—I would like to be attended to in the morning. I have lost a lot of time during the last four days.

Hon. Mr. CASSELS.—You are doing a great public service.

LAURENT DROUIN recalled.

By Mr. Watson:

Q. Mr. Drouin, what line of business are you in?—A. Block and pump maker.

Q. Block?—A. Tackle blocks.

Q. Oh, yes?—A. For vessels.

Q. And does the department require pumps?—A. Well, I never sold them any.

Q. What have you sold them?—A. I have sold them blocks.

Q. Tackles?—A. Yes.

Q. That is for use on——A. The vessels.

Q. And had you considerable orders from them?—A. Occasionally, not at present.

Q. I see. Did you get them from Mr. Gregory?—A. No.

Q. The department?—A. I do not know whether they came from them, they came from the department, a few orders.

Q. Did you get a telephone message?—A. No.

Q. A verbal message?—A. No, through orders delivered by messenger.

Q. By messenger?—A. Yes.

Q. And where did they come in with you?—A. I could not—it come in all right.

Q. The orders came in?—A. Yes.

Q. And what about the rest, what did Mr. Gregory get from you?—A. Very little from me.

Q. About how much?—A. $20, I suppose, in three years.

Q. It was not very much?—A. No.

Q. And did you have large profits or small profits?—A. My profits were pretty fair market profits.

Q. I see. You rather imply by that answer, I think, that those were pretty good—usually 50 per cent?—A. No, cut it out, 50 per cent.

Q. Not as much as that?—A. No.

Q. What is the amount of your sales about, during the three years?—A. I don't know exactly.

Q. The reason I ask you that particularly is that I have not the benefit of the record about your sales.

Hon. Mr. CASSELS.—You are asking for the Marine Department?

Mr. WATSON.—I mean for the Marine Department, not for your general business. A. For the Marine Department.

Q. Yes. How much did you sell to the Marine Department in the three years?—A. About a thousand or something.

Q. Well, $20 would be only 2 per cent on that?—A. About that.

Q. What else was there in it besides that?—A. Nothing else that I see.

Q. Perhaps it was something that you felt?—A. Yes.

Q. How did you happen to give him the money?—A. Well, the money was not coming fast enough, so I asked him to oblige me with a few dollars, and he obliged me.

Q. He obliged you with a few dollars?—A. Yes.

Q. I thought it was the other way, that you obliged him with a few dollars?—A. Oh, no, no.

Q. What did you do, did you draw upon him?—A. No, I asked him to accommodate me and he did and I gave him 5 per cent.

Q. Five per cent. I see, the usual 5 per cent. And what did he do, accept a draft from you?—A. Yes.

Q. And you took it to the bank and discounted it?—A. No, I never took it to my bank, not a draft, a note at least. I gave him a note for it.

Q. You gave him a note?—A. Yes.

Q. What was done with the note?—A. When the cheque came——

Q. When you gave him the note did you get any money?—A. He gave me the money before I gave him the note.

Q. And where did he get the money, do you know?—A. He always had lots of money.

Q. When you gave him the note—you gave him more than that did you?—A. I gave him four, I think.

Q. What was the amount of them?—A. Oh, I could not——

Q. You could not tell now?—A. No.

Q. Then when he gave you the notes, did he tell you to go to any bank with them?—A. No.

Q. Did he go to any bank with them, do you know?—A. I don't know.

Q. Then when you gave a note, did you get money or a cheque?—A. He gave me money, one time a cheque, other times cash.

Q. Then he deducted from the amount of the cash or cheque 5 per cent?—A. Yes.

Q. Then I see on looking at the record which has been prepared for me, that the accounts for 1905 were paid very promptly. Just lightly running over them for a moment I see, 'Received at the department, July 31st, paid August 16th.' That would be pretty sharp payment, would it not?

Hon. Mr. CASSELS.—What is the amount?

Mr. WATSON.—Merely $15.00.

Q. The next one, 'Received August 18th. Paid August 26th.' That is $164.25. The department were paying pretty promptly.—A. They were at that time.

Q. Did you understand the payments were like that?—A. No, I did not understand.

Q. Then the next, September 13th, paid September 23rd, $34. The next, September 14th, paid 22nd December, that is $20.30; the next is September 20th, paid October 5th, that is $161. There was not any necessity for discount on that kind of payment?—A. I didn't pay any discount on that.

Q. Well, you paid discount to get the money quickly.

By Hon. Mr. Cassels:

Q. Have you the dates when you got those moneys from Mr. Gregory?—A. No, sir.

Q. You cannot tell when you got them?—A. No.

Mr. WATSON.—There are little bits between December 5th, paid December 20th, another December 7th, $29, paid January 27th; December 26th, $115, paid January 9th. There is no use taking any more time, my lord. It shows the payments were prompt.

Q. Did you know that the department was paying so promptly as that?—A. No, sir.

Q. You did not know that?—A. No sir.

Q. Did anybody else get anything from you in the way of commissions or any other way?—A. No. They came to me, I never went to them.

Q. I see. No other officials or employees?—A. No, sir.

By Hon. Mr. Cassels:

Q. What is meant by that expression, 'They came to me, and not I to them?'—A. Well, I never solicited them.

By Mr. Watson:

Q. They came with the orders?—A. Yes, I never solicited them.

By Hon. Mr. Cassels:

Q. What orders are you alluding to, orders for the original work?—A. Yes.

Senator CHOQUETTE.—If your lordship will look in the book you will see there are some where over three months elapsed before payment.

(Evidence taken in French will be published later.)

Mr. WATSON.—I think, my lord, we have had a fairly arduous day. We may have some further important work to do here before we leave, at the same time I may state to your lordship that we have hopes of being able to finish here at Quebec, at all events for the present, by luncheon time to-morrow. Assuming that my learned friend and I are able to accomplish certain work this evening our expectations are to be able to close up for the present. It may become necessary to resume later on, but for the present I think we will be able to close up luncheon time to-morrow.

Hon. Mr. CASSELS.—Very well. Adjourn to to-morrow.

Senator CHOQUETTE.—I should like Mr. Mailloux and Mr. Gagnon of the Marine Department to be here to-morrow. I may have some questions to put to them, and I should be glad if my learned friends will have them here.

(Adjourned at 6.25 p.m., to 10 a.m., to-morrow, November 14, 1908.)

(Commission resumed at 10.15 a.m.)

Mr. WATSON.—My lord, there is one witness particularly whose attendance is necessary. I refer to Mr. McNeil, the book-keeper of Mr. James J. Murphy. Your lordship will recollect that Mr. Murphy stated in his evidence that his book-keeper had made payments to one or two or three—I think he went as far as that—of the officials or employees; one name was mentioned, but without certainty as to the identity, so that the evidence discloses in that way that there are one, or two or three officials who have been receiving some compensation at the hands of Mr. McNeil as book-keeper of Mr. Murphy.

Now, I find that Mr. McNeil has not yet returned to the city. I have no reason whatever I think that there is not other than in the ordinary regular course of business of Mr. Murphy and of Mr. McNeil, because I am told he is in the woods attending to the lumbering business, and that it may be difficult to get into communication with him. Mr. Murphy has told me that on two or three occasions he has sent telegrams to the nearest telegraph office, but Mr. McNeil has not yet turned up.

I merely point out, my lord, his evidence is absolutely necessary and will have to be taken either here, should your lordship resume at this place, or at Ottawa, when the sittings will certainly be resumed there.

I mention that circumstance as the reason and excuse for not bringing his evidence before you now.

Hon. Mr. CASSELS.—If we come back he can be examined here, if not he can come to Ottawa.

Mr. WATSON.—Yes, my lord. Then is Mr. Odell here?

(Mr. Odell was called but there was no response.)

Senator CHOQUETTE.—My lord, his people do not know where he is gone. He went away on Friday night by train on his travelling business after having been here

in court four days. He was never subpœnaed, and I suppose he did not know he would be required. We will send him up to Ottawa.

Hon. Mr. CASSELS.—The pity, Mr. Senator, is that after being here four days he took upon himself to leave without asking me or counsel. If he had done so he might have been put in the box.

Senator CHOQUETTE.—But he had never been subpœnaed, he had never been called.

Hon. Mr. CASSELS.—If he takes the ground that he was not properly subpœnaed, that is a technical matter, that is a different matter. I understand the various parties are coming forward here to tell the truth.

Senator CHOQUETTE.—Exactly.

Hon. Mr. CASSELS.—He may be within his strict legal rights. All I mean is, it would have been better if, before leaving, he had asked Mr. Watson or myself.

Senator CHOQUETTE.—He was told he was not wanted as far as my information goes.

Hon. Mr. CASSELS.—It simply means he will have to come to Ottawa.

Senator CHOQUETTE.—Yes, my Lord. I will tell him when he comes back.

Hon. Mr. CASSELS.—We must have his evidence.

Senator CHOQUETTE.—Then Miss Odell is willing to come forward this morning.

Mr. WATSON.—I will speak about that. My lord, I was anxious to get accurate information as to Mr. Odell's whereabouts. Of course, I accept what my learned friend has said about it, so it is not necessary to ask members of the family, to trouble any of them about it.

But what your lordship says is particularly emphasized by the circumstance that Mr. Odell was here and heard his name mentioned on several occasions in connection with the matter. However, we will have to take the course indicated.

Hon. Mr. CASSELS.—Yes, we will either have to come back here, or he will have to come to Ottawa.

Senator CHOQUETTE.—My lord, Mr. Gregory in his evidence spoke of some loans to the Minister of Marine and some other parties. We had not at the time all the notes, documents and particulars. Now, I just ask to put them before the court.

Mr. WATSON.—I do not know what my learned friend means by reference to loans to any Minister of Marine.

Senator CHOQUETTE.—He said his first loan was to the Minister of Marine, and he gave his name. I have got his note and letters.

Mr. WATSON.—This is very ancient history. Does your lordship think we have anything to do with the first Minister of Marine?

Hon. Mr. CASSELS.—No, I am only dealing with 1904.

Senator CHOQUETTE.—We have gone back to 1869, and a little later on he had communications with the deputy, Mr. Tilton. He spoke of it, but he was afraid not to be corroborated, so I am offering them before the court.

Hon. Mr. CASSELS.—I think we had better not go back beyond 1904.

Senator CHOQUETTE.—Now, I have all the drafts of Samson & Filion. Mr. Gregory did not expect to be put in the box at the time, and so did not have them with him. You may go on, Mr. Watson, I will put them on file.

Mr. PERRON.—My lord, Mr. Gauthier, a merchant of Quebec, has asked to be heard. I have no special reason whatever to hear him, but he has applied, and I suppose he is entitled to be heard.

Hon. Mr. CASSELS.—He has not been charged with anything?

Mr. PERRON.—No, my lord. He came to me this morning and wanted to be heard. I could not refuse him.

JOSEPH GAUTHIER sworn.

(Evidence taken in French will be published later.)

Mr. WATSON.—Then, my lord, I desire openly in court to repeat what I said to your lordship last evening. If there are any officials or employees whose names have

been mentioned in the evidence already given who desire to be heard in evidence, or by counsel, we will be very glad if they will come forward.

Then, my lord, in regard to Mr. Samson of the firm of Samson & Filion, your lordship will recollect that he was called and examined in part, but his evidence was not completed. Following upon that Mr. Lemieux, the junior partner, was called and examined at very considerable length. Mr. Samson, apparently, when in court, was not very well, and we have received every morning since that time a certificate by the physician attending upon him, certifying as to his condition, and that he is unable to attend. I desire to file these certificates. Another one has come this morning.

(Certificates marked Exhibit 231.)

Now, I may just add with regard to that that after as careful investigation as we could make into the books and otherwise, we are not able to say to your lordship that we could expect to receive from Mr. Samson any additional evidence to what has been given by his partner, and what is shown by the books. Of course, we never can tell, as was indicated within just the last few moments what new developments may arise, but the results of our efforts and investigation so far is that we would not have any reason to expect anything different from Mr. Samson than has already been elicited from the other witness. That is the condition of affairs. It will be a matter of further consideration whether it will be necessary to call him here or at some other place.

SAMUEL GILLESPIE, sworn.

By Mr. Watson:

Q. Mr. Gillespie, you are manager of what company?—A. I have been the manager of the Quebec Automobile and Launch Company.

Q. I beg your pardon?—A. I severed my connection with it some time since.

Q. You are not now in the business management of the company?—A. No.

Q. Who is at the present time?—A. Mr. C. G. Rollit.

By Hon. Mr. Cassels:

Q. When was it you severed your connection?—A. Last July.

By Mr. Watson:

Q. Then when, during the last three years did you cease to be manager?—A. July last.

Q. July of this year?—A. Yes.

Q. Is that an incorporated company?—A. No.

Q. Just the name of a firm?—A. Yes.

Q. Were you proprietor of it?—A. I was.

Q. And in July you sold it out?—A. Yes, I sold my interest.

Q. You sold your interest. Were others interested with you?—A. Yes.

Q. A partnership?—A. Yes. I might also state here that the amount which I was to get for my interests is not settled yet. However, I ceased to be in any way a partner. There is a case pending in connection with it.

Q. Your business, as I understand, was dealing in automobiles?—A. Automobiles, motor launches and machinery of all natures, mechanical engineering.

Q. Mechanical engineering, I see. You are not manufacturers?—A. Not necessarily, no.

Q. Well, you have not any factory, you do not manufacture, do you?—A. No.

Q. That is, you buy and then you sell again?—A. Yes.

Q. That is your business. Who were the partners interested with you?—A. Those names I do not wish to divulge. They were silent partners, that is I had no active partner with me.

Q. No active partner?—A. Up to one year ago, at least a year ago, then I had Mr. Rollit.

Q. Who?—A. Mr. Rollit, who is now the present manager.

Q. The present manager?—A. Yes.

Q. Do you mean there is some particular reason why the names of the partners should not be disclosed?—A. Well, there is no more particular reason than that I was simply—I was running it myself only with money I had—I had other people interested financially, but not actively.

Q. Well, we will just see what the rest of your evidence may be, and then, perhaps we may be better able to judge whether or not it is necessary to have other names disclosed. Then you had dealings with the department?—A. Yes.

Q. Through the agent here, Mr. Gregory?—A. Yes.

Q. And about what was the volume of your sales of automobiles to the department?—A. None whatever.

Q. Well, I thought you were dealing in automobiles?—A. Yes, motor launches.

Q. Then did you sell motor launches?—A. Yes.

Q. How many?—A. At least motor engines. Engines for launches and electric lighting dynamos, also other——

Q. Electric lighting dynamos?—A. Yes, and engines.

Q. But you were not dealing in electrical apparatus?—A. Yes.

Q. You were?—A. Yes.

Q. Where did you get the electrical apparatus?—A. From the Westinghouse Electrical Company, and the engines from the American Company.

Q. Then you got orders and sent them on to manufacturers or wholesale houses to be filled?—A. Yes.

Q. So that in that way you were acting as agent?—A. Practically so.

Q. Buying agents for the department, or middlemen, so to speak. You were acting as between the department and manufacturers and wholesale people?—A. No doubt. We do not carry those goods in stock.

Q. You did not carry the goods in stock?

By Hon. Mr. Cassels:

Q. As I understand he effected contracts himself with the department, and then procured the goods from the wholesale people?—A. Yes.

By Mr. Watson:

Q. Let us see about that? Did you have contracts?—A. Yes.

Q. Written contracts?—A. Yes.

Q. Have you got them?—A. Not with me.

Q. In all cases did you have written contracts, or was that the exception?—A. No, I had one, there was one unwritten contract.

Q. One unwritten?—A. Yes.

Q. That is a verbal contract?—A. Yes.

Q. And the others?—A. All contracted for.

Q. In writing?—A. Yes, after——

Q. In the form of a contract?—A. From the Deputy Minister in Ottawa. I tendered and they were accepted by the department at Ottawa.

Q. I see. That was the position of the matter?—A. Yes.

Q. Now then, Mr. Gregory in his evidence has referred to your company. How much did you pay him?—A. I did not pay him anything directly.

Q. Indirectly then, how much?—A. Nor indirectly.

Q. Nor indirectly?—A. I did not pay him anything at all. I borrowed money from him.

Q. Oh, I see. You borrowed money from him. Do you mean you got the money in hand or by cheque from him, or did you put in drafts upon him, the same way others have referred to?—A. He gave me a cheque on the bank for the amount.

Q. He gave you a cheque on the bank. Have you got any papers here?—A. No.

Q. You have not? What did you give him before he gave you a cheque?—A. Nothing whatever.

Q. Did you give him a promissory note?—A. I believe—I don't think so. I am not——

Q. You are not sure?—A. I am not positive.

Q. And did you give him a letter saying that you wanted to make this business arrangement with him?—A. Mr. Gregory quite understood.

Q. But was there a letter written by him and signed by you representing some business advances and arrangements?—A. No.

Q. Nothing of that kind?—A. I see. Then the fact is that before the order was given to you or after.—A. Considerably after.

Q. You applied to him for money?—A. After I had waited several months.

Q. Well?—A. It was some months at least.

Q. We have the books here for about the time. When was the first case?—A. About two years ago.

Q. Two years ago? That would be in 1906?—A. I think it was about that time, possibly 1907, early last year.

Q. And you had been dealing for a year or so, before that with the department? Had you, perhaps the last time?—A. I cannot remember at the present moment, but we have been dealing with them from time to time in a small way.

Q. Then just state how it was you came to go to him about money matters?—A. Well, I told him I had to pay for those goods C.O.D. and it was necessary for me to have some money. I asked him—the banks were very close at the time—I asked him if he could negotiate a loan for me. He did not do it at the time, but a short time afterwards when I got pressed for it he did.

Q. When you got what?—A. When I was pressed for money he did.

Q. Then he did?—A. Yes.

Q. How did you happen to go to Mr. Gregory? He was not any personal friend of yours, was he?—A. He is not exactly a personal friend.

Q. No, but you know he was agent of the department?—A. He may possibly have suggested it to me. I don't know, I am not in a position to say that.

Q. Oh, I see. But that may be so?—A. It may be so.

Q. That he suggested it to you?—A. However——

Q. Now, just try and think as to what the fact actually is about that. Was it not his suggestion to you?—A. It was in the first place my own need that brought up the suggestion.

Q. Well, and then?—A. He told me he could arrange it for me, at least he thought he could possobly arrange it for me.

Q. How much did you pay him?—A. 5 per cent.

Q. How much more?—A. No more.

Q. 5 per cent on each transaction?—A. No, just the one.

Q. Just once. How many transactions did you have?—A. Several.

Q. Several. Did you not pay him on the others?—A. No.

Q. Why not?—A. I didn't require the money.

Q. The other transactions with him I mean, not the other transactions with the department?—A. I had no other transaction with him.

Q. You had one transaction with him?—A. That is as far as financing for money is concerned I had one transaction.

Q. And on that one transaction you paid him 5 per cent?—A. Yes.

Q. What was the amount of that?—A. In the neighbourhood of $1,000.

Q. How much did you pay him?—A. Off-hand I don't remember, about $50, I think.

Q. About that, or was $100?—A. No, it was not.

Q. But you do not remember?—A. It was $50 or $55, either one. I can possibly find that out.

Q. That you paid to him at the time?—A. No—yes, I paid it to him at the time when I got the money.

Q. When you got the money?—A. Yes.

Q. And did you make any entry of it in your books?—A. I am not positive.

Q. Was there an understanding between you that it was to be kept secret, not spoken of?—A. Not at all.

Q. Eh?—A. Not at all.

Q. That was not mentioned?—A. No.

Q. By him or you?—A. No. I heard Mr. Gregory say that no person had anything to do with him loaning his own money.

Q. You heard him saying that?—A. Through conversation.

Q. I see. Did you know others dealing with the department were doing the same thing?—A. No.

Q. Then I have not been able to get in my own mind exactly up to this time whether you gave a note, or drew on him and that was discounted by you?—A. It may have possibly been a draft. I won't say. It was either a cheque or a draft.

Q. I see, it may have been a draft. He may have signed his name on the draft, you paid him the 5 per cent on that, and then you took the draft with his name on it and discounted it in the bank; that is right, is it?—A. I won't positively swear it is correct.

Q. And you won't say that is not the transaction?—A. No.

Q. No, I see. Then when you discounted with the bank, I suppose you paid the usual discount rate?—A. No, I had nothing extra to pay the bank.

Q. Well, you would not get the money from the bank if you discounted it, you had a bank account?—A. Yes, but it was Mr. Gregory's bank I got the cash at.

Senator CHOQUETTE.—It must be cash, because I have no draft.

By Mr. Watson:

Q. I see. On this draft?—A. I got cash, I remember that.

Q. That was the course pursued then? Why did you not do so afterwards?—A. I did not require the money. If I wanted it I suppose I could have got it. I had no reason to think I could not, but our profits were so small we could not arrange it.

Q. You did not have very large profits?—A. We had to tender in all cases, and I suppose ours was the lowest tender.

Q. That system of tenders does not allow of very large profits, I understand?—A. I was always satisfied with a reasonable profit at any time.

Q. I am sure. You are quite a reasonable gentleman in business. Then what others in the department did you have to deal with?—A. None directly.

Q. Indirectly with whom?—A. People who had to examine the goods I supplied and to pass them.

Q. I see. Who are they?—A. Captain Koenig.

Q. Yes?—A. Mr. Balduc and Mr. Parent.

Q. And anybody else?—A. Possibly Mr. Gagne for a small affair.

Q. Yes. Any presents or gifts to them?—A. None at all.

Q. What?—A. None at all. No.

Q. No payments to them?—A. Not a cent.

Q. No gifts at any time?—A. Possibly a cigar, possibly I asked them across for a glass of beer.

Q. That is all right?—A. Just as I would ask you, probably, if I knew you personally. It was no gift, I didn't consider it as any gift.

Q. Then anything else but that?—A. No.

Q. Then at Ottawa you were in the habit of meeting officials?—A. Who?

Q. At Ottawa, you say you went to Ottawa. Did you meet officials there?—A. I didn't say I went to Ottawa.

Q. I understood you did. Did you not?—A. Yes, I went to Ottawa. I did not say so until this.

Q. You are resenting it, are you?—A. Not at all.

Q. Then whom did you have to do with at Ottawa?—A. Lieutenant-Colonel Gourdeau, deputy minister.

Q. Anyone else?—A. No.

Q. Any financial arrangements or understanding at Ottawa?—A. Not at all.

Q. Eh?—A. Not at all.

Q. Any presents or gifts or compensation there?—A. None.

Q. Directly or indirectly?—A. Directly or indirectly, no.

Q. Have you had any transaction with the department during this year, 1908?—A. Yes.

Q. Continuing since the first of April?—A. There are some things which we got to supply for the *Arctic,* around the first of April, probably.

Q. Not any since?—A. Well, of course, there may have been small affairs in June, or something like that. I might also state in connection with those contracts that were supplied the *Arctic,* we have not been paid for yet, we have not been paid yet, as I understand.

Q. Yes, I understand the department have found it necessary to criticize very closely considerable of the *Arctic* expenditure?—A. Not in my case, to my knowledge...

Q. So that you say for some apparatus or materials furnished to the *Arctic* you have not had a settlement yet. Is that so?—A. Yes, and——

Q. Why did you mention that?

Senator CHOQUETTE.—Wait. please.

A. For the apparatus it is possible it is in the line of machinery, exchanging machinery, we were to take old machinery as part payment for new.

By Mr. Watson:

Q. Yes?—A. And since Mr. Gregory has severed his connection, since that time, no person seems to wish to take the responsibility of handing those goods over; and they are also mentioned in the contract, requisitions and so forth.

Q. I see. So there is a matter of difference, if not misunderstanding?—A. Not from dispute, but from want of some person to take the responsibility.

Q. That is what you say-—A. Yes, to my knowledge.

Q. Is that considerable?—A. Considerable.

Q. How much?—A. To the extent of $400 or $500.

Q. What do you say your total dealings with the department were, about?—A. About $5,000.

Q. I see. Is there anything else you wish to say?—A. No.

By Hon. Mr. Cassels:

Mr. Gillespie, at the time you got this thousand dollars from Mr. Gregory, had the account been certified and overdue?—A. The goods were supplied and accepted.

Q. Yes. Had your account been certified, do you know?—A. I am not positive.

Q. You cannot speak as to that?—A. No.

Q. I rather gathered from your evidence that you said the account was overdue?—A. I know the goods were supplied and they were not prepared to accept them, and our contract read for the supply of the goods installed and running, and the department were not prepared to accept them when supplied,, and delays, which were no fault of our own, caused considerable delay in the contract going through, which required some time possibly for me to get my money.

Q. I see. What was the reason of Mr. Gregory's remark that no person had anything to do with his lending his own money?—A. Well, I really—I asked him, 'Do you do that?" or something to that effect. I asked him if he lent money.

Q. Why did you ask him, that is what I want to know?—A. Because when he suggested possibly I thought I could borrow it.

By Mr. Watson:

Q. He may have suggested it to you?—A. I really think he did suggest it to me. I could borrow money from him when I was hard up for money.

By Hon. Mr. Cassels:

Q. I would like to know the occasion when he suggested to you you might be able to borrow money?—A. The actual words I cannot recall, but it was during conversation. I just asked him if he knew where I could get money, as the banks were very tight at the time and the brokers did not care to handle government scrip unless it was a general thing or I had a big bank account, and he said, 'Possibly I can do that.' I said, 'Do you do that?' He said, 'No person can deny me handling my own money.'

Q. That is the way it was?

Senator CHOQUETTE.—Towards everybody.

Mr. WATSON.—That will do. It is possible, my lord, that the statement I made to your lordship and in court with regard to officials and employees whose names have been on the list may not have been fully understood by some. I would like, therefore, if my learned friend would say that so that it can be understood by anybody else.

(Mr. PERRON makes a similar announcement in French.)

Mr. WATSON.—Then, my lord, I have the book from the office of the department, and an extract from it with regard to Mr. Donaldson showing that he was engaged in the department and was there on the pay list of the department every month of the year, 1904 and every month of the year, 1905 and every month of the year, 1906 excepting April, May, June, July, August and September.

Senator CHOQUETTE.—Exactly.

Mr. WATSON.—And in every month of the year 1907 excepting June, July, August and September.

Senator CHOQUETTE.—That is right, that is correct. When he was at the hotel he was not employed in the department. Is that all your evidence, for the present, I mean?

Mr. WATSON.—I will see.

(Extract from departmental book marked Exhibit 232.)

Senator CHOQUETTE.—I have, my lord, a lot of drafts which I will put in. I suppose in some cases, like that mentioned by Mr. Gillespie, he must have got ready cash, because there is no draft or anything at all.

Hon. Mr. CASSELS.—I have no doubt from the way he explained it he probably got the cash from Mr. Gregory's bank.

Senator CHOQUETTE.—Yes, because we have no draft from him and some others too. I put them before your lordship. I do not suppose they will be printed.

Hon. Mr. CASSELS.—Put them in.

(Bundle of drafts, &c., marked Exhibit 233.)

Senator CHOQUETTE.—These are drafts by Drolet, Samson & Filion, Belanger, Martel, Amyot, Tremblay and a lot of others, just to corroborate Mr. Gregory's evidence. Now I would like to put a question or two to Mr. Mailloux.

P. J. N. MAILLOUX, recalled.

By Senator Choquette:

Mr. WATSON.—(In reference to a remark by Senator Choquette to a member of the press.) It does not make any difference. It was not to the minister, I understand?

Senator CHOQUETTE.—Yes, to Mr. Mitchell.

Mr. WATSON.—What is the use of bringing up that?

Senator CHOQUETTE.—You put Mr. Gregory in the box, and he wishes to be corroborated. He says, 'I have documents and notes to prove my statement.' I am in duty bound to put that down.

Hon. Mr. CASSELS.—It does not make the slightest difference.

Senator CHOQUETTE.—The newspaper man asked a question and I told him.

Hon. Mr. CASSELS.—I know, but I am not here for the newspapers.

Senator CHOQUETTE.—I was answering my learned friend. I did not like to put that down, either. I just explained what the question was.

Mr. WATSON.—I must say again, my lord, in respect to the personal matters my learned friend speaks of, of so called loans to the late Mr. Mitchell, I protest against any evidence of that kind at this date under the circumstances.

Senator CHOQUTTE.—It is no evidence, they are the documents referred to by Mr. Gregory in evidence. If the court says they are of no use—I am in the hands of the Court.

Hon. Mr. CASSELS.—I say they are of no use. You cannot go into all Mr. Gregory's dealings for the last 30 years. His statement is there uncontradicted. You do not require corroboration on that point.

Senator CHOQUETTE.—I am absolutely satisfied with that, my lord. Mr. Gregory wants his bank books. I just ask the Court if the Court has referred to them. It will be found from month to month he was overdrawn $30,000 at his bank according to his statement. If the court will not require the books we would like to have them back, both books, that for the People's Bank and that for the Hochelaga Bank. I state that just to explain what he said.

Hon. Mr. CASSELS.—His statement is down.

Senator CHOQUETTE.—I am quite satisfied. Your lordship, my client is anxious for me to mention these things.

Now Mr. Mailloux.

Mr. WATSON.—Just a moment. If my learned friend has evidence of loans or advances to acting ministers by Mr. Gregory or to those who have been acting during the last ten or fifteen years, I do not raise the same objection, the same time has not expired, and they may be living. If he has any such evidence let him bring it forward.

Senator CHOQUETTE.—I have none of that kind. I have in relation to the first minister after Confederation. I referred to that. That is what Mr. Gregory referred to, and he is anxious to have it corroborated. He never lent a cent to any minister except the one he mentioned in his evidence, and I am glad to declare that.

Q. Mr. Mailloux, I think you made a statement about the money Mr. Gregory advanced to the dealers. Mr. Gregory put it at $2,000 sometimes. Now he is looking over his books and he says it is over $10,000. I just want to correct that.

Mr. WATSON.—Of course we have the books here, the correspondence.

Hon. Mr. CASSELS.—Here is the witness now.

Senator CHOQUETTE.—Mr. Mailloux, do you prefer to give your evidence in English or French?

Mr. WATSON.—If you would be kind enough to examine him in English I will be obliged personally, as I examined him before myself.

By Senator Choquette:

Q. Just a question, Mr. Mailloux. You have been heard before in this *enquête?* —A. Yes.

Q. I think you said you had referred to some book and that Mr. Gregory had advanced money some years for about two or three thousand dollars to the department?—A. At a time.

Q. You said at a time?—A. Yes sir.

Q. Oh, just at one time. But can you say to the court, as far as your memory goes, what amount the department was owing to him?—A. At a certain date between the period covered from 1904 to '5 or any particular year.

Q. During this year at a certain date do you know Mr. Gregory had advanced money amounting to two or three thousand dollars to the government?—A. Well, the very date Mr. Gregory was suspended, the 31st March, 1908, the department was in

his debt for pay lists paid a few days before for $3,700 odd. This date I remember particularly well as I had to deal with it when I took charge of the office.

Q. Do you remember some other dates previous to that when the amount was larger than that, if you do remember?—A. I think——

By Mr. Watson:

Q. Don't think; if you know, say so?—A. I remember there was a date. I will give you the date, in April, 1905, that the amount was over $2,000.

By Senator Choquette:

Q. How much over?—A. It must have been——

By Mr. Watson:

Q. Let us see the books, please?—A. I have not got those books; those books have not been produced, Mr. Watson.

Q. Whose books, Mr. Gregory's?—A. The book we spoke of the other day which I think Mr. Gregory said was lost; we could not find it.

Q. How can you speak about a book that was in Mr. Gregory's possession which has not been produced?—A. I considered this was a personal book of his .

Senator Choquette.—That is enough. It is just to corroborate Mr. Gregory's evidence that the government was in debt to him at different times. Just one other question. Mr. Mailloux, actually all the accounts have passed through your hands?—A. Not all of them.

Q. Well, can you say upon your oath that any account has been kept back by Mr. Gregory in the department, or if he has given orders to anybody to keep accounts back and not send them to Ottawa?—A. On the contrary, we had positive instructions to forward them with the least delay possible.

Q. That is all.

By Mr. Watson:

Q. Did you take away those books we had in evidence a day or two ago?—A. No, Mr. Watson.

Q. Two books prepared showing the dates. Now, the entries in those books you believe to be correct?—A. Yes, Mr. Watson.

Q. And the entries in those books show accurately the debit and credit account between Mr. Gregory and the department?—A. Yes, sir.

Q. And they will speak with accuracy?—A. Yes, sir.

Q. As to the condition of the account from time to time?—A. Yes, sir.

Q. These books are marked exhibits 130 and 132. Now, I find since you were here that correspondence was at hand and has been produced as between Mr. Gregory and the department with some regularity showing that about the time that $5,000 which was received at the beginning of the fiscal year was likely to be exhausted that he wrote to the department asking for further advances, and by the correspondence it appears that the further advances were made?—A. Oh, certainly, sir.

Q. And with reasonable promptness?—A. Yes, sir.

Q. And that was the condition of affairs?—A. Yes, sir, certainly.

Q. So he was supposed to have on hand from the department sufficient to meet the necessary disbursements of the department?—A. Yes, sir.

Q. And when that was likely to be exhausted he communicated with the department advising them and got a remittance with reasonable promptness?—A. Reasonable promptness?

Q. That is the condition of affairs?—A. The only delay was when the estimates were exhausted. There might be a little delay then.

Q. What do you know about estimates exhausted?—A. We were told then it was the reason that cheques did not come immediately, but that is the only exception.

Q. Now, then, the further books which have been prepared as to the dates of the accounts and the dates when they were transmitted to Ottawa show that in a great many cases, I might almost say the majority of cases, there was considerable delay between the dates of the accounts or invoices and the times they were transmitted to Ottawa. Can you afford any explanation of that?—A. Yes, sir.

Q. What is it?—A. Many accounts were delayed because we did not have the proper officers to certify to the account at Quebec.

Q. That would apply to whom?—A. That would apply to the accounts for construction that had to be signed for by Mr. Parent.

Q. Mr. Parent?—A. And applied to the account for maintenance that had to be signed by Mr. O'Farrell.

Q. It applied to those two?—A. Sometimes to the captains of all the vessels that were under our control when they were away.

Q. Yes?—A. And then we could not pass the accounts any further, any quicker than they have been done.

Q. Then during those times of delays were you aware that Mr. Gregory was being paid commission on the moneys?—A. No, sir.

Q. You were not. That will do.

By Hon. Mr. Cassels:

Q. Mr. Mailloux,, I would like to ask you one question. You say that in April, 1905, the government owed Mr. Gregory over $2,000?—A. Yes.

Q. And at different times the government owed Mr. Gregory money?—A. Yes, Mr. Justice.

Q. Was that in any way owing to the fact that Mr. Gregory had discounted these notes and taken up the position of contractor?—A. No, Mr. Justice. This refers only to payments and pay lists to the department, this is entirely outside of any personal dealers or any one.

Q. Mainly for pay lists?—A. Only pay lists.

(Evidence taken in French will be published later.)

Mr. Watsjn.—Is Mr. Fontaine here?

Now, my lord, it is proper I should state that Mr. Fontaine came to me when I was outside and said he would like to have a little advice from me personally. Of course I told him I was not in a position to advise him, but if he required advice it would be well to speak to some counsel or attorney in the city. He said further that he had not been in this country more than ten or twelve years and in all his experience before he had been in the habit regularly of receiving some payments. Under the circumstances I want this to be known so that he may, if he wishes, go into the witness box to explain himself. It is better that he should I think, my lord, in view of the interview.

Joseph H. Fontaine, sworn.

By Mr. Watson:

Q. You heard what I stated to his lordship just now?—A. I did not hear the whole of it.

Q. You have some statement, I think, which you would like to make?—A. Well, according to the accusations brought against me in this Court, I say they are right.

By Hon. Mr. Cassels:

Q. You say they are what?—A. I say they are right. I received the money. But I say that I have been travelling all round, you know and I can bear proof that while chief engineer for a company in Glasgow, Burrel & Son, I ran a boat for them between Austria and the States, and during all the time I was chief there I received commissions in the different ports of call, so that I don't see I was doing any worse

here, that is I saw no harm. It was offered to me and I took it the same as I took it anywhere else. I didn't know there was any wrong in it.

By Mr. Watson:

Q. And how long were you engaged in other countries?—A. Well, I sailed for an English company for ten years.

Q. I understand you to say now before his lordship that during that time you were in the habit of receiving—A. Not during ten years because I only sailed chief two years.

Q. But during that two years?—A. I received commissions on repairs, coal and everything, that is concerning my department.

Q. From the people who dealt with you?—A. Who dealt with us.

Q. You just want to say that. Have you anything else you desire to say?—A. Nothing at all sir. I just want to bring the case as it is. Of course, we were brought up here as having done wrong. I don't want the Court to say I am a thief. That is all. I want to clear myself as far as that is concerned.

Hon. Mr. Casselss

Q. Well, do you think that is right Mr. Fontaine? As I understand, you were representing the Government to see that the Government work was properly done? —A. Yes sir.

Q. Well, you may think yourself sufficiently honest not to be affected by these bribes?—A. Yes sir.

Q. Nevertheless, it is a bribe?—A. Well——

Q. Well, it is in order to grease you over and make you pleasant. That is the only object for which they give it. Is not that so?—A. Not that I am aware.

Q. It does not strike you that way?—A. I might explain a little matter. All superintendents that engage engineers in the old country are all people who have come through the mill like myself. No superintendent engineer of a company in England is allowed, that is, comes up to that position before he has come through the mill as chief engineer. That man knows perfectly well he has come through it himself, he has received commissions at every place he has gone to the same as an ordinary chief engineer. Very well, he gets up to the position of superintendent. What happens when he engages a chief engineer? Nothing. Knowing such a thing is being done, why not say to the man, 'I am engaging you as chief, but I forbid you receiving commissions.' Why doesn't he do it? He does not do it. Well, he knows as well as I do we receive commissions. When I relieved Gordon I wasn't told, 'Look here, Fontaine, you will call in at such and such ports and receive such and such commissions, 5 per cent or 10 per cent, as the case may be.' Well, when I joined the government why wasn't I told not to take commissions? Of course, I don't want to plead ignorance, because I know it doesn't count at all.

By Hon. Mr. Cassels:

Q. You cannot expect the government to tell one of their officers not to take a bribe?—A. I don't consider it as a bribe, your lordship

Q; It appears to me differently.

Mr. Watson:

Q. Now, you have spoken of the knowledge of other superior officers in other countries. Have you any reason to think or to know that the chief agent of the department or any other superior officer here had any knowledge that you were taking these sums?—A. No, sir, I can't say that, I don't know.

Q. Any knowledge whatever that they were aware of it?—A. None whatever.

Q. You never told anybody?—A. I never told anybody, of course, that is the general course of things.

Q. To keep it quiet?—A. Yes, sir.

Q. You don't need—to tell everybody what to do.

Senator CHOQUETTE.—Can I have these books back? Mr. Gregory wants them.

Mr. WATSON.—Wait, please. These are his current books?

Senator CHOQUETTE.—No.

Mr. WATSON.—Well, my lord, with regard to the books of Mr. Gregory that has been put in, I do not find that any of them are current, that is in use at the present time, and after consulting with my learned friend associated with me, I may say that we cannot take the responsibility at the present time of redelivery of these. I daresay Mr. Gregory will get these a little later on, but at the present time I think it is necessary they should remain in court.

Hon. Mr. CASSELS.—Yes, they are on file.

Mr. WATSON.—Yes. With regard to the other books——

Senator CHOQUETTE.—But the other book of Mr. Gregory?

Mr. WATSON.—Yes, I think they will have to be retained.

Hon. Mr. CASSELS.—I may have to look through them. They will be safe.

Mr. WATSON.—With regard to the books of the merchants, my lord, most of these, or at least a good many, are current books and we would not feel justified in retaining them. Their owners will be at liberty to take them upon their undertaking that they will be reproduced at any time they may be called for as they now are. Under these conditions any merchants who have not now received their books will be at liberty to have them. Of course, we cannot interfere with the ordinary business transactions of these business people.

The SECRETARY.—I will not be here to receive that undertaking.

Mr. WATSON.—I take it, my lord, it will not be necessary to have the undertaking in writing?

Hon. Mr. CASSELS.—No; that will be understood.

Senator CHOQUETTE.—I have no objection to leaving Mr. Gregory's bank books, they are not current, but the other book is, he is using it every day. He is an old man, and is anxious to have it.

Mr. WATSON.—I trust it will not be retained long. At the present time I am not at liberty to say when it can be given up.

Senator CHOQUETTE.—Then give it back as soon as possible.

Mr. WATSON.—Yes.

My lord, my learned friend Mr. Perron and I are not in a position at the present time to offer to your lordship any other evidence here at Quebec. We have worked pretty incessantly for the last fortnight, and have produced considerable evidence.

Hon. Mr. CASSELS.—You have not only worked yourselves incessantly, but you have worked me incessantly.

Mr. WATSON.—It may be, my lord, that we have obtained all that is practicable—we have obtained all that is practicable up to the present time that we are aware of, and it has been adduced to your lordship in open court. I must ask your lordship, therefore, if your lordship pleases, to adjourn the sitting now at Quebec. It may be that we will require to offer further evidence later on, but I am not sure as to that. We will, however, ask your lordship to attend, if your lordship pleases, at Halifax and at St. John, where we will have evidence to offer in the course of perhaps ten days or so.

With regard to that, I may say this, if your lordship pleases, that my learned friend and I happen to have pressing business owing to professional engagements during the next week or ten days, we are not able at this moment to mention a time to your lordship when we will be able to adduce the evidence. We will be able to do so in the course of a few days. We will ask your lordship in resuming to hold the sittings first at St. John and then at Halifax.

Hon. Mr. CASSELS.—I am very anxious if possible to close this up before Christmas, in order to get the report before the House early in the new year.

Mr. WATSON.—Yes. We will do everything possible to expedite the investigation.

Hon. Mr. CASSELS.—We will have to make arrangements at St. John and Halifax as there is a limited accommodation at either place.

Mr. WATSON.—We will communicate with your lordship at the earliest possible moment.

Hon. Mr. CASSELS.—You will resume, I suppose, within a fortnight at any rate?

Mr. WATSON.—Yes, my lord.

Hon. Mr. CASSELS.—I mentioned that so that I may make my own arrangements.

Mr. WATSON.—Yes.

Senator CHOQUETTE.—I understand the *enquête* is now adjourned. I should like to know on behalf of my client if there is going to be any more evidence concerning him, or whether I shall just have to wait for the report.

Mr. WATSON.—We will take care to give my learned friend notice of any further meeting here.

Hon. Mr. CASSELS.—If there is anything at all to be brought up against Mr. Gregory you will get notice of it.

Mr. WATSON.—Three or four days' notice at least.

(Adjournment at 11.30 a.m. *sine die* to St. John, New Brunswick.)

(This closed the proceedings at Quebec.)